JANUARY 8, 1955

foreign trade

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BUSINESS CONDITIONS in ASIA, AFRICA, MIDDLE EAST

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CANADA

foreign trade

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cover The montage on our cover depicts some of the people and some of the products of the Asian, African and Middle Eastern countries which are featured in this issue. From left to right, beginning with the top row, an Egyptian peasant, Turkish tobacco drying in the sun, a Japanese woman handling silkworms, Egyptian women sorting raw cotton, copra drying, and the making of Manila rope.

Canada and the Eastern Countries

Many of the countries reviewed in this issue are relying on more highly developed nations to help them in their economic advance. Canadian interest in their development projects and problems in the immediate future should pay dividends, export-wise, in the years that lie ahead.

J. P. MANION, *Assistant Director, Trade Commissioner Service, and Area Trade Officer for Asia and Middle East.*

THE PUBLICITY deriving from the Colombo Plan Consultative Committee meetings in Ottawa last October has engendered more than just casual interest in Canadian commercial relations with under-developed countries.

At the outset of the conference there were nine recipient countries within the Plan, in addition to the British Colonies in South and South East Asia—India, Ceylon, Pakistan, Burma, Nepal, Indonesia, Viet Nam, Laos and Cambodia. By the end of the meetings, Thailand, the Philippines and Japan had adhered to the pact, thus constituting a solid bloc of powers from the Persian Gulf to the Pacific.

The Under-Developed Countries

The highlight of the meetings was the sense of partnership in a common endeavour, the realization of a mutual dependence between industrialized and under-developed areas. This interdependence is true not only of the Colombo Plan countries, but also of relations with those other parts of Africa and the Middle East which are the subject of the present issue of *Foreign Trade*. With the exception of Japan, which is included because of geographic convenience, it may be truly said that this issue reviews our commercial relations with the less economically advanced areas of the world.

It is significant to note that this year will perhaps prove to be a turning point in global economic thinking. Immediately after the war, the first concern of the world at large was the rehabilitation of the European industrial basin, and subsequently that of Japan. This was only natural because North American industrial power was not alone sufficient to bear the burden of capital development throughout the Free World.

Attention Turns Eastward

With European production re-established at a high level, there is more and more evidence that attention is now turning to the development of less favoured areas. This is partly due to economic pressures; producers of capital goods are anxious to provide the means of development. But partly too there is a growing consciousness that modern means of production must be more equitably distributed. This feeling is implicit in such internationally-sponsored mechanisms as the World Bank (the International Bank for Reconstruction and Development), and the more recently formed International Finance Corporation.

These organisms are intended to supplement, and not to replace, private sources of capital. Both are necessary if the job is to be done effectively and publicly sponsored projects may well bring about capital formation from private sources.

Throughout the area under discussion in this issue, local means of capital formation are inadequate. In many parts, annual cash income varies from $15 to $60 and only in isolated cases does it reach $200. The pressure for survival is such that little can be spared for capital projects. The more capital is poured into the area, however, the more production can be increased, with consequent improvement in the standard of living and expansion in demand for consumer goods.

Sharing Development Problems

It is reasonable to assume on this basis that the currently under-developed countries will provide increasing markets over the years. To participate in such expansion, it is desirable that Canadian firms should enter the individual markets as early as possible and show some evidence of interest in the problems of development.

From the capital goods point of view, Western Germany, France, Italy and Austria are all undertaking important projects in various parts of the world, and even the United States is finding it increasingly difficult to compete. Canada is in much the same position. In those cases where Canada is unable to undertake the original project, however, it is well to bear in mind that follow-up business is almost certain to be forthcoming. Irrigation schemes, for instance, create new markets for agricultural machinery; railroad construction means more locomotives and railway cars; highway development will create a demand for additional trucks.

Many of the articles in the present issue indicate the directions which development is taking in different

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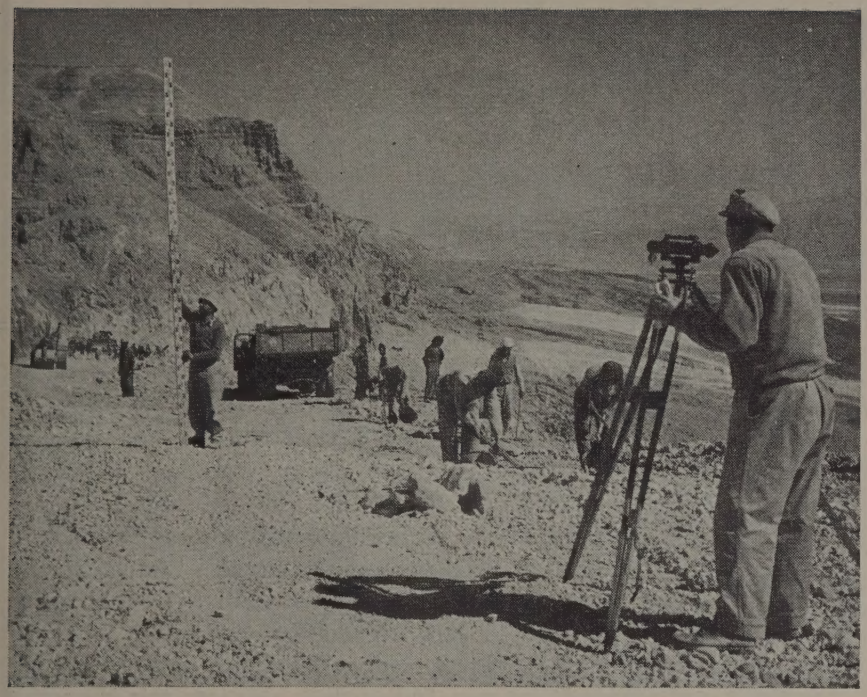

These surveyors at work on a road through arid Middle Eastern terrain typify many of the developments going on in this area. In the years ahead, Asia and Africa will provide a growing market for capital goods and equipment, to be used in improving communications, establishing industries, and so on.

countries and may provide some guidance about the types of goods which may be needed in the future.

A Look at the Market

Definite development plans are discussed in the reports dealing with the Belgian Congo, Taiwan, Egypt, Iraq and Iran. For the implementation of some of these, little foreign capital will be required—Iraq, for instance, finances its Development Board from oil revenues. In other cases, the development plans are outlined as desirable ends, but the means are not available internally, and external financing will have to be found.

There are particular aspects of our relations which should be considered in the light of recent developments. Iran has agreed to the resumption of oil production under a consortium of which the Anglo-Iranian Oil Company forms part. This means that within two years or so the country should be in a position to resume imports on a wider scale than in the immediate past. Iraq, with a recent change in government, is now in a better position to undertake development schemes than it has been until now. Syria has had an excellent crop year and will soon be able to increase its purchases from Canada. Egypt is going in for important development schemes which may provide an opportunity for increased exports other than wheat and flour, which have been the mainstay of our sales to that country during the last few years. Prospects in Japan are not as good as was expected because of reduced foreign exchange earnings, nor are they as bright as one could wish in Indonesia, India and Pakistan. Turkey also has had a poor crop and has accumulated an enormous foreign exchange deficit which make prospects rather dubious for the immediate future.

In general, however, the indications are clear that the countries which form the subject of this issue are those with increasing demands for capital goods. And there are those which, because of their low standards of living, will probably need the type of consumer goods which will be in demand when additional income flows into the hands of their people.

Tour of Territory

JAMES P. MANION, Assistant Director, Trade Commissioner Service and Area Trade Officer for Asia and the Middle East, expects to visit the Persian Gulf area in February and March. During his tour of Aden and Jeddah, he will be accompanied by M. R. M. Dale, Commercial Secretary at Cairo; in Kuwait and throughout Iraq by G. F. G. Hughes, Commercial Secretary at Beirut, and in Iran by R. K. Thomson, Commercial Secretary at Karachi.

Businessmen interested in trade with this area and desiring the assistance of these officers should write to the Director of the Trade Commissioner Service, Ottawa, before January 20th.

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BELGIAN CONGO

Lower world prices for palm oil and coffee in 1954 compensated by higher prices for copper and other minerals. Industrial progress continued; imports of consumer goods increased; total exports rose. Sales of Canadian flour and milk powder showed an increase during the year.

A. B. BRODIE, *Trade Commissioner, Leopoldville.*

THE YEAR 1954 proved to be one of uncertainties in the Belgian Congo, but the economic situation was generally good despite a further weakening of world prices for some agricultural products. The falling-off in the price of palm oil and (to some degree) coffee, was counterbalanced by a definite improvement for copper and certain other mineral products of which the Belgian Congo is an important producer. Exports of all commodities for the first eight months of the year reached 860,400 tons compared with 719,200 for the corresponding period in 1953.

Foreign Trade

The Belgian Congo's trade from January to August '54 was valued at about 25,000 million francs. Exports, at about 13,000 million francs, were slightly higher than during the previous year. Larger foreign sales of copper, manganese, cobalt and industrial diamonds helped to increase the export value of the mineral section to 8,300 million francs (about 3½ per cent above 1953). Agricultural products, at 4,500 million francs, remained about the same in value as in the previous eight months but the volume went up by 11 per cent.

Imports into the Congo for the first eight months of 1954 (about 12,000 million francs) reveal an increase in consumer goods and especially textiles and food products, and a falling-off in machinery (32 per cent), metals and metal goods (13 per cent). Imports of transportation equipment showed little change. Imports of native consumption goods revived a bit as the inventories which accumulated at an amazing rate during 1952 were partially taken up. The principal supplying countries were:

	First 8 mths. 1954 millions of francs	*% of total imports*
Belgian-Luxembourg Union	4,605	30
United States	2,598	23
United Kingdom	896	7·5
Germany	811	6·8
Union of South Africa	464	3·9
France	424	3·7

Although Canada's total exports to the Congo for 1954 will probably exceed in value the $3·5 million of 1953, these past few months have not been favourable for a number of Canadian products which, in the past, found a ready market here. The decline in sales of some Canadian food products was marked although those of Canadian milk products picked up. Shipments of Canadian canned fish, which annually exceeded a million dollars during the early postwar years, have almost disappeared from the market. Portuguese and German sardines have replaced them, as well as herring from the Netherlands, Belgium and other European countries. South African dried fish and canned pilchards are also finding their way into this important outlet. Canadian flour, on the other hand, is enjoying its best year and sales will likely reach about $2 million when final statistics are compiled.

Canada's Share in Trade

The main difficulty facing Canadian firms wishing to find buyers in the Congo—quite apart from competitive prices—is that active commission agents are difficult to secure. This is understandable because the 80,000 odd Europeans stretched across this huge colony—approximately one-third the size of the United States—are engaged in varied trades and professions, ranging from mining engineers in the Katanga to missionaries in isolated areas where few white men go.

Canadian purchases from the Congo during the past year were made up principally of palm and palm kernel oil and coffee. About $2¼ million worth of palm oil from an export crop worth nearly $40 million reached Canada. Much of this palm oil arrived in Canada with a fatty acid content as low as 2 per cent. This business will probably continue if the Congo's prices remain competitive with those of certain other supplying countries.

The Belgian Congo authorities have been granting import licences for goods from most countries, including the dollar area, quite freely. Local production is now being stressed, however, and importers are encouraged to buy Congo-produced materials whenever possible.

In one of the Belgian Congo's shoe factories, native workmen are busy sewing uppers. Industrial growth is continuing in the colony; in 1952, some 11,613 plants were operating and the number has since gone up considerably.

The Congo's gross national product—the value of all goods and services produced in the colony—increased at a slower rate during 1953 but still reached a new peak. The estimate which was recently published by the Belgian Congo Central Bank is 53,270 million francs, an increase in value of 2·8 per cent over 1952 and in volume of 5·6 per cent. Agriculture, (including cattle ranching and fisheries) made the greatest single contribution (29·6 per cent against 34·3 per cent in 1950). The principal factors contributing to the increase were:

	million francs	*% increase value*	*% increase volume*
European agriculture..	2,620	2·3	16·1
Industry	3,250	8	.....
Construction materials and construction....	3,500	9·2	0·6
Transport	4,200	4·7	2·2
Commerce	4,370	1·1	.....
Government	4,350	12·4	8·5

The industrialization program is gaining momentum in the built-up areas. The number of industries of varying sizes established at the end of 1952 was officially placed at 11,613 (10,137 in 1951). A spinning and weaving mill in Elisabethville was completed during the past year, giving the Congo five operating mills which will be able to produce about 71 million square yards by 1956 (48·9 million square yards in 1951). The new plant at Albertville manufacturing blankets and tarpaulin material is making good progress. The list of plants which are today processing raw materials within the colony (metal refining, processing of agricultural products) or working imported materials to save shipping costs and eventually labour costs is a long one and will form the basis of a special report in *Foreign Trade* during 1955.

An Ambitious Program

Although some important development schemes have been realized, much remains to be done. The original estimates for government expenditure on the Belgian Congo Ten-Year Plan have, after five years' experience, been increased from 25 milliards of francs to 48 milliards. New projects and rising costs have made this higher estimate necessary. The program is a courageous one and, even though it may not be finished over the ten years, the Belgian authorities are doing a remarkable job in opening up the colony. Businessmen, however, sound a note of caution in assessing business possibilities during 1955. This fear will be allayed if prices of agricultural products recover during the coming twelve months.●

Angola

Colony achieved favourable trade balance in first half of 1954, but adverse weather has cut down size of coming coffee crop. This, and falling world coffee prices, will reduce dollar income.

A. B. BRODIE, *Trade Commissioner, Leopoldville.*

WHEN THE FINAL STATISTICS are published for the year 1954, Angola's finances will certainly appear less healthy than during recent postwar years. The coffee crop, which represents about 55 per cent of Angolan exports, was severely affected by adverse weather conditions earlier in the year and may total between 40 and 45 thousand tons, compared with about 65,000 tons during 1953. In addition, the sharp falling-off in world coffee prices and the unusual calm which characterized the market during the last half of 1954 have meant decreased foreign exchange returns, and particularly fewer of the much-sought-after dollars, which Angola can ill afford to lose.

Trade Balance Smaller

The most recent foreign exchange trade figures, covering the first six months of 1954, again give Angola a favourable balance of trade of 215,206 contos* compared with the 302,527 contos for the same period in 1953. Exports increased in quantity and value but imports of a number of consumer and capital goods offset these gains. The foreign trade statistics for the first six months were as follows:

	Imports		*Exports*	
	Tons	*Value in Contos*	*Tons*	*Value in Contos*
1954	182,465	1,210,438	218,004	1,425,644
1953	155,113	1,112,302	215,608	1,414,829

	1954	*1953*
Value of imports in contos.....	1,210,438	1,112,302
Value of exports in contos.....	1,425,644	1,414,829
	+ 215,206	+ 302,527

The main products exported in order of importance were: coffee (53 per cent of exports), diamonds (9 per cent), fish and fish products (7 per cent), sisal (5 per cent). The principal markets were, as in 1953, the United States, the United Kingdom and Portugal, in that order.

Selling to the Colony

Angola continues to be a difficult market for dollar countries, but Canadian suppliers wishing to find an outlet in this Portuguese African province are strongly urged to work through responsible firms in Portugal with associate companies in Angola. Local representation is still difficult to secure in Angola because of the limited European population in the province (about 80,000). The standard of living of the native population—some 4½ million—still leaves much to be desired and cannot, for the time being at any rate, begin to compare with that in the neighbouring colony, the Belgian Congo.

Development Plans Progressing

Under the development plan which the Portuguese Government submitted to the National Assembly in 1953, Angola's share of 6½ million contos represents about half of the total planned expenditure. The hydro-electric schemes are by far the most important phase of the plan for Angola. The Mabubas project, which now supplies water and power for Luanda, is complete; the Biopio, currently under construction, will furnish Lobito and Benguela with their power and water. A third project at Matala (on the Cuene River) will supply some vital irrigation in a new area which is being opened up and colonized. A fourth dam on the southeastern part of the Cuanza—the most important river in Angola—is to be constructed to provide irrigation and power. An American hydro-technic mission, led by a Canadian, is now advising the Angolan authorities on irrigation and the planting of crops.

The main event during 1954 was the successful visit of His Excellency the President of the Portuguese Republic, General Craveiro Lopes who, with his Minister of Overseas Territories, visited Angola from May 27 to June 30. During this time the President saw the results of the hard work of the Angolan authorities and their achievements. His trip took him to most towns and settlements where he had occasion to inspect the white colonization at Cela and the native colonization centre at Caconda. Among other duties, he formally opened the new International Airport at Luanda which bears his name.

Angola's progress will continue into 1955 at a somewhat reduced pace, provided that no further economic alarms are sounded. Much will, of course, depend on world coffee prices and on an improved 1955 coffee crop. If the price of sisal also rallies, Angola's problem will be solved and the colony will have no difficulty in once again balancing its budget. ●

* One conto=1,000 angolares or $339·1 Canadian.

French Equatorial Africa

Overall improvement in trade and progress in development plans have brought this colony out of an economic slump; financial position is still difficult and dollar imports strictly controlled.

A. B. BRODIE, *Trade Commissioner, Leopoldville.*

THE ECONOMY of this French colony has strengthened since 1952 when the slump in world prices severely affected its balance of trade. The improvement began in 1953 and continued in 1954 on a limited scale. At the moment, French Equatorial Africa depends primarily on forestry and agriculture for its living and its resources are still undeveloped. But the French authorities are making a serious effort to open up this huge country which covers about 969 thousand square miles and has a population of about 4·5 million Africans and close to 21,000 Europeans.

Mining Development

One of the chief aims of the colony's Four Year Plan, which supplanted the Ten Year Plan in 1953, is exploitation of the subsoil. Already there have been some good results, notably in greater production of lead and zinc. The Plan includes a project to raise the output of industrial diamonds to about 300 thousand carats by 1957 (1953, 140,143 carats). The United States has granted substantial loans to the diamond industry to help achieve this production aim.

The large deposits of manganese at Franceville (Gaboon Province) have disclosed important reserves of high-grade ore which is believed to have as much as 48·50 per cent manganese content. Current estimates place the total quantity of ore at 300 million tons, and preliminary studies are being made by the French-American company, La Compagnie Minière de l'Ogoué. The problem of how the ore can be transported most effectively from the interior Gaboon area to the sea, approximately 250 miles by air, has been discussed at length but no official decision has yet been reached. Actual mining operations cannot be expected to begin, at best, before 1960. The estimated daily output is 3,000 tons.

Agricultural Production

Although agricultural production improved during 1954, the results were not startling because of low acreage. Cotton production was satisfactory after a disappointing crop in 1953, and exports may total 30,000 tons (1953, 25,000 tons). Coffee planting is progressing and production rose to 5,000 tons which, in comparison with the Belgian Congo (about 30,000 tons) and Angola (over 45,000 tons), is still not enough to earn much-needed foreign exchange. Cocoa production will total about 3,500 tons. This is only a fraction of the world output of over 772 thousand tons; the French Cameroons exported over 60,000 tons in 1953.

Foreign Trade

One encouraging note was the 33 per cent increase in exports during the first eight months of 1954 to 7,824 million CFA francs,* compared with 5,970 million CFA francs during the same period in 1953. Timber shipments rose well beyond the record of 1938 and made up almost 32 per cent of the colony's exports. The principal customers were France, 72 per cent of exports; West Germany, 9 per cent; Nigeria, 5 per cent; the Netherlands, 4 per cent, and the French Cameroons, 3 per cent.

Imports remained at about the same level as in 1953, and totalled 9,336 million CFA francs for the first seven months of 1954. This gave the colony an adverse balance of trade for the period but nevertheless, represented a decided overall improvement over 1953 and 1952. The principal suppliers were: France, 60·4 per cent; sterling area, 6·7 per cent; dollar area, 8·0 per cent (of which 3·5 per cent was financed by U.S. Foreign Operations Administration), and West Germany, 2·9 per cent.

Capital Goods Needed

The deficit in the balance of trade is the result of abnormally large imports of capital goods and equipment—some 40 per cent of the total imports—needed for the industrialization of the country. This costly but necessary program is one of which the French can be proud.

Until French Equatorial Africa's economic position becomes sounder, dollar import licences will continue to be granted only for commodities of the utmost importance. The volume of Canadian sales to this country is negligible and cannot be expected to grow until the colony has solved its current problems. ●

* 1 CFA franc equals Can. $0·00556.

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BURMA

Ambitious development projects, financed from several sources, are making progress, despite decrease in government revenue and a fall in foreign exchange reserves. Depressed market for rice, which makes up 80 per cent of Burmese exports, is chief current problem facing the country.

D. S. ARMSTRONG, *Trade Commissioner, Singapore.*

IN THE VAST PADDY FIELDS of Burma—the valleys and deltas of the Irrawady, Salween and Sittang Rivers—the harvest season is from mid-November to February. Farmers and their families cut and stalk the paddy by hand; tractors and combines have made little headway in this heavily populated and underdeveloped country. Some of the paddy is retained for seed and some is milled into rice for local consumption. The rest is taken to the government buying depots, where it is loaded into pot-bellied barges made of teak and towed down the river to the rice mills at Rangoon, Moulmein and Pegu.

Buyers' Market for Rice

For eight years after World War II, Burma enjoyed a ready demand and high prices for her rice. Before the war rice exports averaged 46·3 per cent by value of total exports; since the war the average has been 80 per cent. But twelve to eighteen months ago the picture changed completely, from a sellers' to a buyers' market. India, Burma's best customer, is importing rice for stockpiling, not for consumption. Japan needs to import food grains in large quantities, but there have been complaints recently (and for the first time) about the quality of Burmese rice. China has been exporting rice—and she has never done so before. It is no exaggeration to say that the bottom has dropped out of the world rice market.

It is only natural that the Burmese Government and the State Agricultural Marketing Board are seriously concerned about this situation. Because of the war and present unsettled conditions, Burma is a long way from reaching her prewar average exports of over three million tons a year. Rice exports in 1952-53 were 1·2 million tons and in 1953-54 about 1·1 million tons. A carry-over of 500 thousand tons—or nearly half a year's exportable surplus—is not unlikely at the end of 1954.

Pyidawtha—the Welfare State

The domestic policy of the Burmese Government since independence in January 1948 has been devoted to the creation of Pyidawtha or the "Welfare State". The Prime Minister, U Nu, described it as a democratic Socialist State without the implication of Communism or state capitalism. "In this Socialist State that we wish to create, commerce and industry must serve the interests of the people," he says. "Ultimately, all trade and industry must be organized into public corporations and co-operatives controlled and managed by the representatives of the workers and consumers".

In August 1952 a Pyidawtha conference was held to initiate a comprehensive economic program including an eight-year economic development plan, a five-year agricultural and rural development plan, and a plan for transport and communications. A group of U.S. consultant firms, financed originally by American aid but latterly by the Burmese Government, helped to draw up plans. These include seven power and irrigation projects, railways, highways, airways, waterways, communications, mining, and 65 industrial enterprises.

Financing the Development Program

Burma voluntarily terminated American assistance some months ago. Consequently, as no American aid will be used, these projects will be financed in the following ways:

- From state revenue, largely on the profits from rice exports. Over 40 per cent of government revenue is derived from trading operations in rice.
- World Bank loans for which Burma is negotiating.
- A provisional reparation agreement with Japan, whereby the latter will pay Burma $200 million over a ten-year period in the form of capital goods and services and $50 million in Japanese investment in joint ventures and in loans to the Burmese Government for its participation in these ventures.
- Joint venture schemes in which the foreign company supplies capital equipment and technical know-how and receives a half interest. Two existing industries, the Burma Corporation (1951) Ltd. (mining and refining) and the Burma Oil Company Ltd., have been converted to joint ventures.
- "Turn-key" projects whereby the foreign company designs, constructs and possibly operates a plant for six months, turning it over to the Government as a going concern for an agreed sum.

Whenever possible, the Burmese Government insists on long-term credits and overseas training for Burmese personnel from foreign firms undertaking joint venture or turn-key projects or simply selling capital equipment.

Burma's ambitious development program was drawn up and started at a time when rice was being traded in a seller's market and when Burma had a favourable trade balance of K330 million. The latest annual figures show a favourable trade balance of only K47·5 million. Similarly, foreign exchange reserves have fallen from a high of K1,270 million in June 1953 to K760 million in September 1954.

Though future progress is uncertain—cabinet ministers speak freely of a "crisis"—accomplishments to date are impressive. Foreign observers and visitors feel that the planning generally is on sound lines and that there is genuine enthusiasm and deep sincerity behind the Government's development policy. The basic problems are those which exist in all newly independent countries—not enough capable administrators and trained technical personnel.

Dollar Trade Negligible

Burma's three most important trading partners in order of importance are the United Kingdom, Japan and India, who together supply 50 to 60 per cent of the country's imports. Because there is very little opportunity for the country to earn hard currency, her trade with Canada and the United States is very small. Canadian exports to Burma in the first nine months of 1954 totalled $138 thousand and imports from Burma in the same period about $80,000.

CHINA

Reports coming into Hong Kong indicate that Chinese are adopting austerity at home to boost sales abroad, earn money for development projects. Trading with West carried on under rigid conditions which China imposes; pattern of demand irregular. Hong Kong's role in China trade smaller.

T. R. G. FLETCHER, *Trade Commissioner, Hong Kong.*

HONG KONG is strategically placed to gather information about the China Mainland. Even so, the material which can be collected is scanty. The data are sometimes unreliable, frequently indefinite, and always incomplete. The statements which follow are therefore properly suspect as generalizations, though they are believed to be accurate. The occasional touch of speculation is unfortunately inescapable, but may add interest.

China's domestic development plan continues to progress. All indications point to further success in 1954 for the concerted efforts to increase agricultural acreages and yields, to exploit natural resources, to foster logical industry, to improve communications and distribution and to extend educational facilities. The national currency is stable; price levels are apparently steady; domestic trade and internal exchange of goods and services have reached record levels. The centralized management of the economy gives evidence of considerable efficiency.

Domestic austerity has been adopted as necessary in the national drive for economic growth. No luxuries, even by Chinese standards, may be imported. Ostentatious living, if it is possible, is certainly ill-advised. No foodstuffs have been allowed entry for years and official claims about internal food surpluses, and undoubted exports of wheat, rice and oils in exchange for jute and rubber, contrast significantly with admissions of rationing of rice, wheat and cooking oils at home. China intends to live from day to day with minimum consumption; everything and anything to spare will be exported to earn foreign exchange to buy things needed for expansion. Peking has announced that 1954 imports, according to plan, will be proportioned 87 per cent to means of production and 13 per cent to daily necessities.

International Trade Increases

China's international trade increased in 1954. Detailed statistics are unavailable but the Vice-Minister of Foreign Trade reported in October that the results to that date foreshadowed larger trade in 1954 than in 1953. He went on to say that the country's commerce with the Soviet bloc was predominant and had quadrupled since 1950, but that trade with the West was also important. He stressed that international trade was deliberately used to further economic development and that China's agricultural, animal and mineral products were exchanged primarily for machines and industrial raw materials. Other evidence suggests that the major

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commodities imported were raw cotton, wool tops, jute, dyestuffs, tanning materials, industrial chemicals, pharmaceuticals, fertilizers, natural rubber, steel products, machinery, vehicles and petroleum. Chief exports were rice, wheat, soybeans, peanuts, tea, wood oil, bristles, egg products, coal, wolfram and antimony.

Trading Prospects

It is possible that China may have decided to pull herself up the economic ladder by her own efforts and according to her own time-table. There is considerable evidence that she wishes to effect her expansion on a pay-as-you-go basis. Financial loans from the Soviet bloc have not been large and though there are undoubtedly many Soviet advisers and technicians in China, it does seem that most of China's requirements have been paid for outright through bilateral agreements.

The West may well be exaggerating the promise of trade with China. Undoubtedly China's barter agreements with the Soviet bloc absorb the great part of her exports. Evidence that China had to accept hard bargains in these agreements exists in the fact that satellites have dumped surplus China produce on Western European markets at prices considerably below China's own export quotations. And though China is undoubtedly keen to trade with the West because she cannot get all she needs from the Soviet bloc, and though she might even welcome a lessening of her dependence on that bloc, it is doubtful whether the removal of all trade restrictions by the west would bring much greater trade.

Methods of Trading

State trading methods received increased emphasis in 1954. Peking reported that state trading operations accounted for 92 per cent of all commercial activity, international or domestic. The China National Import-Export Corporation controlled all international commerce, with vital executive assistance from the Chinese Customs whose task it was to verify the actual shipment with the related documents. Under such circumstances, bilateral trading had certain obvious advantages and such agreements were reported with Finland, Ceylon, Japan, India, Pakistan and Indonesia, in addition to the Soviet bloc. China also made mention of unofficial agreements with non-governmental industrial and commercial groups in the United Kingdom, France, Italy, West Germany, Belgium, the Netherlands, Chile, Argentina and Switzerland.

Onerous Conditions Imposed

China imposes onerous conditions in her international commerce with the West. She sells her products on letter of credit terms, Chinese certificate of quality, or analysis, final. She buys on letter of guarantee terms which essentially postpone payment until after arrival of the goods in China and until the Chinese testing laboratories have verified the quality or specifications as up to contract; sub-standard goods are rejected without appeal, because China demands that her analysis be accepted as final. Such terms of trade are obviously based on suspicion—China cites past instances when goods proved to be inferior and payments could not be recovered, or when goods were withheld from delivery to her after shipment from (and payment to) the country of origin.

Demand Pattern Irregular

Despite this uncompromising attitude, conscientious traders shipping reputable merchandise to China or buying China produce have found the Chinese meticulous and reliable in business contacts. It remains to be seen whether time or experience will lead the Chinese to be less rigid. It is certain that visiting trade groups have discussed the unreasonableness of China's attitude and have proposed relaxations.

There is a curious irregularity of demand and supply in China's international trade activities with the West. At times there is excited pursuit of a certain commodity, then suddenly no interest at all. The explanation may be the red tape of centralized commodity budgeting, market manipulation, the ebb and flow of similar goods from Soviet bloc sources, or stockpiling.

Hong Kong's Role

Hong Kong still plays an important, though smaller, role in China's international trade. China undoubtedly prefers to deal direct with overseas suppliers rather than go through merchants in this Colony. It is reported that the China National Import-Export Corporation office in East Berlin is extremely busy with the resultant flow of trade bypassing Hong Kong in large measure. Hong Kong's own 1954 statistics of trade with China are again lower. But the Colony is still very important. Movement of goods in transit through Hong Kong on through bills of lading are not recorded by the Colony but are substantial. Hong Kong is a shopping centre always available, a sure market for foodstuffs and other Chinese goods and therefore a dependable source of foreign exchange. Its banking and insurance facilities are second to none in the Far East and are used regularly by China and other Asian countries dealing with her even if the goods involved do not go through the Colony. Finally, under the pressure of Chinese insistence on letter of guarantee terms, many large Hong Kong firms operate as factors —buying on letter of credit from overseas principals and selling to China on letter of guarantee, which the local house is prepared to accept.●

EGYPT

Financial position of country has become stronger; Government is pushing its development program with help of domestic and foreign loans. Limited opportunities for consumer goods in this market, but some openings for equipment useful in large-scale projects which are being considered.

M. R. M. DALE, *Commercial Secretary, Cairo.*

THE RECENT AGREEMENT with the United Kingdom on the Suez Canal has created new interest in Egypt and greater confidence in the stability of the Government and its ability to pursue its program to raise the standard of living. The internal financial position of the country has improved. The banks are financing freely; the Import Entitlement Account (a variation of the retention quota system whereby exporters are enabled to obtain a premium through the sale of their foreign exchange to importers) is the most important method of financing imports and encouraging exports. Imports from the sterling area are now permitted freely using "Entitlement" pounds and there are indications that the list of items which may be imported from dollar countries will be liberalized. The Government has floated an internal loan for financing development projects; it will be complemented by external loans and a $40 million grant from the United States.

Trade and Industry

The foreign investment account for the first time shows a balance in Egypt's favour. The balance of payments position has improved a great deal in recent months, with the trade deficit at the end of October totalling £E17·8 million, compared with £E32·5 million for the corresponding period last year. The overall surplus in balance of payments has reached £E6 million, and is said to be the result of an improvement in the payment balance with countries which have signed trade and payments agreements with Egypt, including India, West Germany, and Italy.

The cotton market, the mainstay of Egypt's economy, has not been as active as was expected. However, premiums are being maintained because of some expansion in foreign demand and because some producers are holding back stocks. United Kingdom buyers have been hesitant but it is expected that they will re-enter the market shortly.

Egypt has removed the embargo on exports of rice; Canada formerly imported Egyptian rice and may do so again now that the supply position has improved. Approximately 150 thousand tons have been made available without government auction and exporters are free to arrange their own prices, subject to the payment of fees on a tonnage basis when they apply for export permits. Onion exports have been good and the first shipment of dehydrated onions from the new Port Said factory has been despatched.

Local industries are enjoying improved conditions with cement, oil, spinning and weaving, and construction particularly buoyant. The Government is interested in industrialization as a means of providing employment, as a step towards saving of foreign exchange now spent on manufactured articles abroad, and as part of the self-sufficiency campaign. The establishment of a number of military factories has also been provided for, with a view not only to filling defence requirements but also to furnishing technical and other assistance otherwise unavailable to industry. The oil business is prospering and prospecting is being carried out by foreign companies.

The Egyptian Market

The openings for consumer goods remain limited because of a small domestic market in which European suppliers are competing strongly. However, exporters

Egyptian peasants at the village pump—a typical scene from this largely agricultural country. Present government is stressing improved cultivation methods and greater aid to farmers.

of commodities such as pharmaceuticals, canned goods, domestic electrical appliances and heating appliances might well find this market of interest.

Canadian manufacturers of industrial machinery and equipment may have an opportunity to participate in a number of projects which form part of Egypt's development program. Over £E60 million has been allocated for the program which includes new industries, improved communications, and a social and health program involving hospitals, housing, and provision for drinking water and sewage disposal for the villages. Among the projects being undertaken or seriously considered are the high dam and hydro-electric plant at Asswan, an iron and steel industry, a fertilizer plant, and expansion of the Suez oil refinery and pipeline.

Increased agricultural production is being encouraged and as more land is brought under cultivation and methods of farming improved, pumps and other equipment will be needed. There is also a growing interest in pure-bred breeding stock.

Growth of Canadian sales to the Egyptian market will depend in large part on the ability of Canadian companies to share in Egypt's development program, either directly, or by extending credit to finance imports, or both. But if they are to expand their sales to Egypt, many Canadian exporters must be prepared to meet strong U.S. and European competition.

INDONESIA

Financial situation of the country continues to be difficult, because of lower world prices for its main exports and production problems. New measures introduced to cut down imports and conserve foreign exchange make it hard for Canadians to increase their sales to this market.

W. D. WALLACE, *Commercial Secretary, Djakarta.*

ECONOMIC CONDITIONS in Indonesia during 1954 have deteriorated and reflect the inflation that is gripping the country. The basic causes of the difficulties are the decline in world market prices for Indonesian exports and the failure to restore production of some of the important crops to prewar levels. The enormous budget deficit has led the Government to rely more and more on borrowing from the Bank of Indonesia and has brought a large increase in the money supply; the deficit in the balance of payments has meant a fall in the foreign exchange reserves.

Foreign trade for the year will show a favourable balance as a result of a further decline in imports and an increased volume of exports. Petroleum output has gained substantially; tin production is slightly above the previous year. Output in secondary industry is down and reflects the manufacturers' problem of obtaining the necessary materials to keep operating. On the other hand, agricultural output has improved over 1953; rice, sugar and maize production are up. Estate production is below that of the previous year because of labour troubles and insecurity in many sections.

Although the Government's budget for 1954 has not yet been presented to Parliament, it is known that the cash deficit for this year is running at a higher rate than in 1953, when it totalled three billion rupiahs. The Government has had to resort to the Bank of Indonesia for financing the cash deficit and for the payment of 350 million rupiahs to importers. The floating debt of the country thus increased from 3,003 million rupiahs on December 31, 1953, to 4,574 million rupiahs at the end of June 1954.

The balance sheet of the Bank of Indonesia for November 17, 1954, compared with that of December 30, 1953, clearly indicates the weaker financial position of the country. Gold and convertible foreign exchange holdings are up but there have been large increases in the money supply, foreign exchange liabilities, and advances to the Government. The figures are:

	Dec. 31, 1953	*Nov. 17, 1954*
	(millions of rupiahs)	
Gold holdings and convertible foreign exchange	1,786	1,983
Foreign exchange liabilities	1,097	1,668
Money supply	6,309	9,117
Advances to government*	1,433	4,492

* Excluding consolidated advances of 3,838 million rupiahs.

Balance of Payments

The provisional figures of the balance of payments for 1953 show that the deficit amounted to 1,355 million rupiahs. Although the balance of trade will be favourable in 1954, the Government will find it difficult to

On these irrigated terraces in Bali, the young rice crop is beginning to sprout. One of the features of agriculture in Indonesia in 1954 was the estimated 7·1 million ton rice crop, 11 per cent above 1937 output. The good crops of recent years have permitted the cutting down of rice imports.

meet its other foreign obligations and a deficit in the balance of payments can again be expected.

In an effort to reduce imports and conserve foreign exchange, a number of emergency measures were introduced. In August, import deposits were raised from 50 to 75 per cent for capital goods and from 75 to 100 per cent for other goods. In addition, import allocations were cut by two-thirds and efforts made to expedite foreign exchange clearance on exports. The Ministry of Economic Affairs has taken steps to obtain imports on twelve-month and five-year credit terms to be guaranteed by the Bank of Indonesia.

Foreign Trade

Indonesia's foreign trade for the first nine months of 1954 recorded a favourable balance of 1,265 million rupiahs; exports were valued at 6,977 million rupiahs and imports at 5,712 million. In 1953, the favourable balance was 760 million rupiahs, with exports at 9,344 million and imports at 8,584 million. By contrast, in 1952 (when exports and imports were at their post-war peak) there was an adverse balance of 19 million rupiahs. Though the volume of exports for 1954 is up, the value is down because of lower world prices. Stricter application of foreign exchange and import control regulations is keeping imports down.

In an attempt to bolster foreign trade, Indonesia has made new trade agreements with China, Roumania, Hungary, Poland, Czechoslovakia and East Germany. In many instances, these countries will be paying over world market prices for Indonesian products. Increasing rubber and tea prices will also benefit Indonesia. The outlook, however, for larger exports to Indonesia is not very promising in view of the precarious financial state of the country.

Preliminary statistics for 1954 indicate little change in the pattern of Indonesia's foreign trade. The United States, Japan, and the Netherlands account for 18 per cent, 17 per cent and 12 per cent, respectively, of the country's imports. They are followed by Hong Kong, the United Kingdom and Germany, each with 7 per cent. On the export side the chief markets are the Netherlands (23 per cent), Singapore and Malaya (25 per cent) and the United States (20 per cent), followed by Germany and Japan, each with 4 per cent.

Trade with Canada

Indonesia's 1954 trade with Canada will show a decline from 1953, when Canadian exports were valued at $1,990,334 and imports into Canada at $597,800. Statistics for the first nine months indicate that Canadian exports will be close to the 1953 value but imports will be lower. Foreign exchange and import control regulations are the chief factors restricting purchases from Canada; the decline in sales to Canada stems from lower prices for similar products from other countries.

Exports from Canada for January-September of 1954 are estimated at $1,159,000; imports for the first eight months totalled $380 thousand. The chief exports and imports were:

EXPORTS FROM CANADA

Newsprint paper	$310,678
Motor vehicles	187,000
Tractors	114,000
Radio-wireless equipment	59,000
Flour	57,000
Gas engines	54,000
Sparkplugs	33,000
Polystyrene	25,000
Copper tubing	22,000
Films	21,000
Rubber belting	18,000
Powdered milk	14,000

The outstanding features of the 1954 exports were the increase in the sales of tractors and the resumption of purchases of newsprint paper, copper tubing and polystyrene. These gains, however, were offset by declines in exports of automobiles and trucks ($565 thousand), automobile parts ($100 thousand), gas engines ($100 thousand), flour ($100 thousand) and films ($50,000). On the import side, gains of $105 thousand and $33,000 were recorded for tea and paraffin wax, respectively. On the other hand, sales to Canada fell off for leaf tobacco ($83,000), sago and tapioca ($50,000), rubber ($48,000) and pepper ($28,000).

IMPORTS INTO CANADA

Tea	$193,000
Crude rubber	46,000
Paraffin wax	33,000
Kapok	31,000
Sago and tapioca	18,000
Cigar leaf	13,000
Desiccated coconut	9,600
Spices	5,900
Fibres	5,900
Pepper	5,800
Gums	1,200

Industrial Production

Lack of statistical information makes it almost impossible to determine the progress of industrial production in Indonesia. During the past year, however, output fell further because of the problem of obtaining import licences for raw materials and the difficulty of distributing available material. The result was that many factories were forced to close at times while awaiting new supplies.

Petroleum and Tin

The production of petroleum is going up steadily. In 1953 it reached 10,225,321 tons, placing Indonesia eighth among world producers. Returns for 1954 indicate an output of about 11 million tons and earnings from exports are expected to rise also. The Standard Vacuum Oil Company has started an $80 million rehabilitation and expansion program to be carried out over three years. Two large companies have completed new exchange agreements with the Government and a third is negotiating to replace its present agreement.

Actual production of tin for 1953 totalled 33,822 metric tons compared with 35,000 tons in 1952. Output for 1954 has been higher than in the previous year and will be close to 34,200 tons. The volume of exports is about the same as in 1953 and, with higher prices prevailing, earnings should be larger. Indonesia has signed the International Tin Agreement and will supply 21·5 per cent of the world's production. The Indonesian-United States tin contract was signed early this year and provided an assured market for about two-thirds of the country's 1954 output.

Agricultural production of both food crops and important estate export crops in 1953 improved over 1952, but nevertheless, the output of such crops as sugar, tea, tobacco, spices, cinchona bark, hard rope fibres, palm oil, and kapok were far below the prewar level. For 1954 the output of food crops is considered satisfactory and compares favourably with 1953. On the other hand, estates have been hard pressed to keep production near the 1953 level.

The outstanding feature of food crops has been the larger output of rice. The total crop for 1953 was 6·6 million tons, a gain of 6 per cent over 1952 and 10 per cent above the 1937 production. The 1954 crop is estimated at 7·1 million tons. These plentiful crops have meant the cutting down of rice imports, which in 1952 accounted for 14 per cent of the total. For the next few years, rice imports will range from 300 thousand to 350 thousand tons a year.

The downward trend of world prices for rubber has affected Indonesia seriously. It has meant a tremendous decline in the income of smallholders and a reduction in the output of both estates and smallholders' rubber. A slight improvement in rubber prices in the last half of 1954 will help to bring the export earnings, which reached a low point in the first half of the year, up to the 1953 level. Estate production of rubber for the first nine months of 1954 was placed at 211,821 tons or a monthly rate of 23,000 tons, compared with the 1953 monthly rate of 25,000 tons.

Tea output for 1953 was slightly smaller than in 1952 and amounted to 36,778 tons, still far below the 1938 production of 80,538 tons. Production for 1954 may reach 50,000 tons and with higher prices, income from exports will be larger.

Certain other agricultural products showed encouraging trends. Cocoa production is nearing the prewar average, though exports still are low; copra output has risen over 1953, with more being used at home and less reserved for export. The 1954 production of palm oil and palm kernels is close to that of 1953. Altogether, the Indonesian agricultural picture is fairly bright.

Tour of Territory

W. D. WALLACE, Commercial Secretary in Djakarta, Indonesia, will be visiting Sourabaya and Macassar during the last week in February. He expects to leave Djakarta by plane on February 21st, spend about five days in Sourabaya and two in Macassar, and return about March 2nd. Businessmen interested in trade with these areas should write to Mr. Wallace at the Canadian Embassy in Djakarta as soon as possible.

IRAN

Oil shipments are under way but earnings will be modest this year and purchases abroad curtailed; supplying countries will be competing keenly through loans and commercial credits. Substantial imports of equipment needed to carry out long-range agricultural and industrial development plans.

R. K. THOMSON, *Commercial Secretary, Karachi.*

OIL TANKERS FROM THE UNITED STATES, the Netherlands and the United Kingdom sailed from the port of Abadan on October 31st with 50,000 tons of oil, marking the return to business of Iran's oil industry after more than three years of idleness and prolonged negotiations. At present, the refinery at Abadan is operating at only a small percentage of its capacity but technicians and employees, both foreign and Iranian, are reporting back to work and exports are expected to reach the previous annual average of 32 million tons within three years.

The favourable conclusion of the oil negotiations brings to an end a period of economic stagnation and financial debility. However, it will not provide overnight a panacea for Iran's economic ills. Oil royalties are not expected to go beyond approximately $80 million in 1955, but may increase to an annual figure of about $175 million by 1956 and 1957. A forecast of total foreign exchange receipts for 1955 is in the order of $175 million. Offsetting this is an amount of approximately $55 million which represents the Government's foreign exchange liabilities. This leaves about $120 million for commercial imports. In addition, imports during 1955 will be provided for to some extent by barter agreements with countries such as the USSR and Japan, or under credit available from other countries such as the United Kingdom, Germany and France. It is understood that the United States is considering granting an $80 million loan through the Export-Import Bank.

Problems in Selling to Iran

Generally speaking, the re-opening of the Iranian market will not provide as favourable an opportunity as some trading nations, which looked on Iran as an important customer before the oil dispute and the closing of the Abadan refinery, expect. The country has a substantial backlog of requirements for industrial and agricultural machinery and consumer goods, but suppliers may have to be satisfied to some extent by the granting of long-term credits, either directly by commercial exporters or by agreement with Governments. A large United Kingdom manufacturer of agricultural equipment has recently concluded an agreement with Iran's Agricultural Bank for the delivery of 500 tractors on the basis of deferred payment.

Lack of foreign exchange is not the only difficulty. Interest rates in Iran have always been high but lately have risen to the point where rates for first-class commercial paper run to 21 to 23 per cent. In addition, it is understood that a large number of importers are withholding foreign commitments for fear of a revaluation of the rial early in 1955.

Seven Year Plan

Iran has a population of 19 million people, most of whom are engaged in agriculture on a small scale. The needs of the country are extensive; communications are poor and modern techniques are lacking in almost every phase of agriculture and industry. The Prime Minister has stated that oil royalties will be entirely appropriated for the development of the country. Whether this will be possible is not clear. To some extent the oil royalties will be needed to meet budgetary commitments as well as to offset foreign exchange commitments for essential consumer goods. But a large proportion of the oil royalties may be used for economic projects under the Seven Year Plan.

This Plan has taken a new lease on life with the appointment of a new managing director. At present, this organization is both a planning board and a body controlling state-owned industrial and agricultural enterprises. These enterprises are joint stock companies with capital wholly state-owned and are intended to be run on strictly commercial lines. However, many of the companies have suffered considerable losses. The types of industry under the control of the Seven Year Plan include agricultural development and chemical companies; textile, sugar and rice mills; collieries; cement and brick plants; asbestos mines and other factories and installations.

Agriculture Still Primitive

Despite these extensive plans for industrialization, Iran is still predominantly agricultural. Moreover, farming is carried on in a fairly primitive way; produce is not standardized and, generally speaking, does not enjoy steady export markets. Wheat is the leading agricultural product, followed by barley, rice, dried fruits, dates, cotton and tobacco—in that order. The production of bread grains is barely sufficient to cover the

needs of the bread-eating zones. The rice grown in the north and the dates in the south are staple foods in those areas. For the year ending March 20, 1954, wheat production is estimated at 2·8 million tons, barley at one million (in contrast to 1·8 million tons the previous year), and rice at ·65 million tons. There is no exportable surplus of wheat and when wheat production does not meet domestic requirements, the deficiency is made up by domestic barley and maize or imported wheat. In 1949-50 some 260 thousand tons of wheat were imported.

Rice production, on the other hand, provides a surplus which has varied from 50,000 to 100 thousand tons a year during the past few years. During the year ending March 20, 1953, exports of rice totalled 62,000 tons, of which 40,000 tons were exported on private account and the remainder by the Government. Principal importers were Japan, Oman, the USSR, and Korea. Barley exports are mainly directed to Europe.

Main Persian Exports

Dried fruits are one of Iran's chief agricultural exports and account for approximately 15 per cent of export trade. Principal products under this heading are raisins, pistachio nuts, dates, almonds, walnuts and apricots. Yearly production of dried raisins is estimated at 60,000 tons and annual exports at approximately 25,000 tons. Annual exports of dates total approximately 29,000 tons, of almonds 7,000 tons, walnuts 9,000 tons, and apricots 6,000 tons. Leading markets are Germany, the United States, Belgium, France, the USSR, Pakistan and India. Dried fruit exports are today facing severe competition from Turkey. The lack of standardization in inspection and grading and the faulty packing present problems for Iranian producers and exporters.

Other Iranian agricultural products finding markets abroad are casings, oilseeds, drugs (mainly opium), skins, gum tragacanth, wool and cotton. Cotton exports have been growing during the past few years. The Government has established cotton ginning plants and has generally endeavoured to improve quality and assist exports. In 1952, some 20,000 tons of cotton were exported and in 1953, 33,000 tons. Principal customers are Western Germany, Japan and the USSR.

A well-known Iranian product for which there is a steady demand in international markets is the so-called Persian carpet. The principal types of carpets exported are Kashan, Kerman, Isfahan, Khoramshahr and Tabriz. The tendency among foreign importers now is to buy on the basis of design rather than origin and quality. Prices obtained for carpets of fashionable patterns are now much higher than those for carpets of the same origin and quality with designs that have lost favour. During the past two or three years carpets have become Iran's largest foreign exchange earner.

Mineral development, apart from petroleum, is being encouraged by a Mining, Prospecting and Exploitation Board. This Board is said to be considering plans for the establishment of iron, ferro-chrome, lead and zinc smelters. Principal minerals exported during the past few years were zinc and lead, 40,000 tons a year; chromite, 20,000 tons; salt, 40,000 tons; and iron oxide, 10,000 tons.

Character of the Market

Because its economy is based on agriculture, Iran offers a market for capital equipment and manufactured consumer goods and textiles. For the Iran trade year ending March 20, 1954, when the shortage of foreign exchange was acute, the principal imports were:

Commodity	*Value (millions of rials*)*
Sugar	3,605
Electrical machinery	1,040
Tires	934
Textiles	750
Medicines	590
Tea	412
Paper	390
Vehicles	273
Machinery and spare parts	199
Machinery and metalware	150

The total value of all imports during the year ended March 20th was 15,826 million rials, compared with exports during the same year of 8,659 million rials. Principal suppliers to Iran and main buyers of Iranian products were:

Country	*Exports to Iran*	*Imports from Iran*
	(millions of rials)	
United States	2,972	977
West Germany	2,551	1,297
United Kingdom	1,664	353
Japan	1,568	928
India	1,212	196
USSR	1,029	907
Netherlands	672	221
Belgium	636	98
Italy	545	372
France	371	370

* One rial=$·01164 Canadian.

The United Kingdom was formerly Iran's principal supplier but is now facing serious competition from Germany, the United States and Japan. Recently, the U.K. loaned the country £10 million with the objective of enabling British exporters to re-establish their connections with a traditional and expanding market. The credit is made available under the United Kingdom's export guarantee scheme and is repayable in five years.

The United States sustained Iran with substantial credits and other economic assistance throughout the difficult period following the closing of the Abadan refineries.

Canada's trade with Iran is relatively modest. Our imports during both 1952 and 1953 were valued at over $1 million; principal commodities were dates, walnuts, carpets and ores. Canadian exports to Iran in 1953 totalled $753,290 and covered a surprisingly wide range of commodities, including tires and tubes, milk powder, agricultural machinery, lamps and lanterns of metal, and polystyrene. Export statistics for the first six months of 1954 indicate a lower trend.

Competition for the Iranian market will be keen during the next year or two, with traditional suppliers such as the United Kingdom and other European countries, the United States and Japan endeavouring to offer the best possible prices, delivery dates and credit terms. Canadian suppliers should keep closely in touch with old-established connections and, where feasible, should visit their agents in Iran.

Afghanistan

Karakul skins, carpets, raw cotton, and wool constitute main exports of this remote country. U.S. loans are making possible some development projects and a few primary industries are appearing.

R. K. THOMSON, *Commercial Secretary, Karachi.*

AFGHANISTAN, which forms the northeast portion of the great Iranian plateau, covers an area somewhat larger than Alberta and has a population of twelve million. Situated almost in the heart of Asia, it has as neighbours the USSR, China, Iran, and Pakistan; the Soviet-Afghanistan boundary alone is over 700 miles long. There are no railways and the only roads are those connecting the main centres, such as Kabul, Kandahar, and Herat. Camels, mules and donkeys are still widely used for transport.

With its snow-capped mountains, high tablelands and valleys, and its small streams (but no rivers) Afghanistan is primarily an agricultural and pastoral country. It raises good-quality wheat and other fodder crops, fruit, rice, cotton and flax, opium, and hemp. Three-quarters of the arable land is devoted to raising cereals and canals are used to irrigate 7½ million acres, almost half the cultivated area. The land is said to be rich in minerals; industry is almost entirely lacking. Economic development plans have as their aim the manufacturing of primary necessities and the using of natural resources to promote local industry. Within the past few years, manufacturing of cotton textiles, woollen goods and sugar has begun.

About 90 per cent of the population, however, is still engaged in agriculture, and in recent years the wheat crop has reached 750 thousand tons, barley 242 thousand, corn 176 thousand, and rice 48 thousand.

Afghanistan has long been famous for its fine carpets and rugs, made from the wool of the Afghan sheep and coloured with locally prepared vegetable dyes. It is also one of the chief producers of Persian lamb-skins of various colours and of many other types of furs and skins. Karakul skins are the principal export, with carpets and rugs, wool, raw cotton, fresh and dried fruit also of importance. The outstanding year for Karakul skin sales was 1949 when 2·2 million skins were exported. In 1953, 14,000 tons of cotton and 7,700 tons of fruit and wool were sold abroad. Afghanistan's principal imports are piece goods, sugar, tea, medicine, hardware, petroleum products, machinery, and motor vehicles.

It is understood that the USSR and Afghanistan have signed a trade agreement under which Afghanistan will export to Russia raw materials such as Karakul skins, cotton and wool, in exchange for machinery and essential goods. Earlier an agreement was signed with Czechoslovakia under which Afghanistan obtained credit for the import of textile machinery, other machinery, and consumer goods to the value of $5 million, repayable in five years in Afghan raw materials.

During 1954 the Export-Import Bank of the United States authorized a loan of $18·5 million for United States material, equipment, and services for the Helmand river valley development project and for the organization and training of Afghan personnel. In 1949 the Import-Export Bank authorized a credit of $21 million for the construction of two dams and a canal system, to make available 700 thousand acres of improved new land.

Trade with Afghanistan presents many problems: the principal one is the country's modest foreign exchange resources. There are few trading firms.

Canadian trade with Afghanistan is extremely small; imports for the years 1952 and 1953 were valued at $19,000 and $41,800 respectively and consisted of Persian lamb skins. Canadian exports to Afghanistan reached $271,711 in 1952 and $149,947 in 1953; the main commodities were tires and tubes and copper wire. ●

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IRAQ

With oil revenues expected to reach ID60 million and with good cereal and date crops, Iraq is buzzing with activity. Seventy per cent of oil royalties go towards development of country; many large-scale projects are under way. Generous foreign exchange allocations make market attractive.

G. F. G. HUGHES, *Commercial Secretary, Beirut.*

"A CONTRACTOR'S PARADISE"—this is the way Iraq is described by the general manager of one of the Baghdad's leading engineering firms which recently secured several engineering contracts, worth altogether nearly $15 million. Roads, dams, irrigation and drainage schemes, bridges, cement plants, sugar factories, artesian wells, oil refineries and many other projects are in construction or soon to be put to tender.

Financed by rapidly rising oil revenues, the Iraq Development Board, which is responsible for planning and execution of the program, enjoys an income of 70 per cent of the total revenues. In 1953, these amounted to over ID50 million and in 1954 will probably reach ID60 million. Income has grown so fast compared with the two previous years that expenditure cannot keep pace. As the larger schemes reach the execution stage, the Government's budgetary surpluses—which exceeded ID15 million in fiscal year 1953-54—should be whittled down. Development Board plans call for the spending of ID155 million within the six year period 1951-1957. The principal allocations (in millions of dinars) are as follows: irrigation projects, 53; industrial and mining projects, 31; roads and bridges, 27; land reclamation, 23; buildings, 18, and administration and studies, 3.

Tempo of Activity Rising

The various projects are too numerous and complex to describe in detail but a brief listing of some of the principal ones will serve to illustrate the reference to a "contractor's paradise". The work planned under the irrigation flood control section will affect the two great rivers, the Tigris and Euphrates, and their tributaries. Dams, barrages, weirs, regulators, and canals are under construction or planned. Five major projects are scheduled for the Euphrates, Tigris, Diyala and the Lesser and Greater Zab Rivers. Two of the individual dams will be over 330 feet high, with storage capacities of more than 8,000 million cubic metres of water.

The Board has engaged six internationally known engineering firms as general consultants on various phases of the whole program. In addition, 18 consulting firms are engaged on specific projects.

A visitor to Baghdad is struck by the intense activity evident everywhere. The city bristles with new construction, banks, a new royal palace, parliament buildings, offices, school and apartment buildings, a bridge over the Tigris, factories and many other undertakings. On Development Board projects alone there are many Iraqi and foreign firms already at work. The larger foreign companies all have offices staffed by engineers from their head offices. One listing gives nine Iraqi contracting companies, (some of Lebanese parentage), five British, five French, three German, three American, one Italian and one Dutch. Disappointingly, there are no Canadian companies taking active part in this vast development program, though a number of Canadian engineers and technicians live in Iraq, where they are employed by foreign firms or by official departments as advisers.

Crops Excellent despite Floods

The heavy floods which covered the Tigris and Euphrates valleys in the spring and summer produced great hardship in the south for several months, but the heavy rains in the north and the heavily silted lands in the south have since yielded a bumper harvest. Although smaller acreage will mean some smaller crops as compared with 1953, an export surplus of grains is expected. Few estimates of the 1954 crop are available, but the 1953 production was: wheat, 720,000 tons; barley, 975,000 tons; rice, 200,000 tons; cotton, 20,000 bales; tobacco, 6,000 tons, and dates, 315,000 tons. The wool clip amounted to 9,700 tons. The 1954 date production is abnormally heavy, possibly 30 per cent higher than last year.

British Trade Fair

Opened by His Majesty King Faisal II on October 25th, the British Trade Fair was attended by over 325 thousand people during its two weeks' run. Easily the outstanding spectacle in Iraq during 1954, daily attendance reached a peak of 41,000. Sponsored by the Federation of British Industries and organized and operated by British Overseas Fairs Ltd., the Fair attracted over 400 British firms which exhibited a wide variety of products in spacious, palm-shaded grounds on the west bank of the Tigris. In addition

to the commercial exhibits, the Fair featured a British Government stand, an Iraqi pavilion showing local manufactures, and a well-presented display depicting the prominent role which oil is playing in the development of the country and the advancement of its people.

The types of goods needed in Iraq were emphasized. These included earth-moving and road-making machinery; tractors of all types, agricultural machines; irrigation pumps and pipes; portable houses and buildings of aluminum; trucks, buses and cars, automotive equipment; tools; electric rotating machinery and switchgear, textile machinery; household appliances; radios and telecommunication equipment. For good reason, less stress was placed on textiles, leather goods and chinaware, all of which normally occupy a prominent position in any exhibition of British goods.

Special Features

Somewhat unique was the combination of machinery displays with practical or crowd-drawing presentations. For instance, the ice rink, the first of its kind in the Middle East, was equipped by a well-known manufacturer of refrigeration machinery. Both the ice-making and air-conditioning machinery were a practical demonstration of the efficiency of the equipment. The pump for the perfumed 60-foot fountain functioned for all to see. The electrical current for most of the illumination and power was supplied by a number of diesel electric generators.

The highlight of the Fair was the television studio sponsored by Pye Radio Company which was installed in a large aluminum building. The unit, the first of its kind, was completely portable and included three cameras, control room, film projection equipment and even dressing and shower rooms for the performing artists.

As the Federation announced and exhibitors confirmed, the Fair was a huge success both in attendance and in sales concluded.

Foreign Trade

Foreign trade in 1954 has followed roughly the same pattern as in the preceding years, with the United Kingdom supplying over 30 per cent of the total imports, and the United States in second place with about 15 per cent. A significant development is the rise in the position of Germany and Japan, who every month vie with each other for third and fourth place, each with about 8 per cent of the total. In 1952 Japan had 5 per cent and Germany just over 2 per cent of the total.

Total imports rose from ID51 million in 1951 to ID62 million in 1952, an increase of about 20 per cent. The percentage increase, though not so marked in 1953 (when total imports amounted to ID68·7 million) nor in the first months of 1954, still represents a steady rise and reflects the rapidly improving purchasing power of the man in the street.

Canada has traditionally been a net importer from Iraq and in 1953 imports were valued at $1,370,000 and consisted almost entirely of dates; exports to Iraq reached only $458 thousand. The main items were agricultural machinery, particularly combine harvesters, planks and boards, machinery, tires, milk powder, lamps and stoves, and small motor generators. The United States, on the other hand, exports a much wider range; the principal items are automobile trucks and tractors, construction and woodworking machinery, iron and steel products especially pipes and tubes, cotton piece goods remnants, used clothing, pharmaceutical products, tires and tubes, lubricating oils, cigarette and other fine paper, artificial silk piece goods, paints and exposed cinema film.

With more ready money in the hands of the general public, the market is becoming more attractive for semi-luxury goods. A wide range of household electrical apparatus and appliances is imported both from Europe and the United States. As a general rule the United Kingdom and Europe supply the radios, irons, toasters and other small apparatus, and United States firms have most of the business in household refrigerators and air conditioners. For some years there has been a good market for air coolers which are now being manufactured locally also, but the true air conditioner is now being sold in increasing quantities. It is especially appreciated in Basra because of the high humidity.

Dollar Exchange No Problem

Eighteen months ago Canadian firms interested in exporting to Iraq might have been frightened off by exchange difficulties. Now there is no need for concern. Though a system of import control is still in effect and an import licence required for all dollar imports, the allocations are generous and for all goods having a measure of essentiality, there is no difficulty in obtaining an import licence. The situation has now resolved itself to the point where the effective limiting factor on imports from the dollar area is price and not control.

Tour of Territory

G. F. G. HUGHES, Commercial Secretary, Beirut, expects to visit Damascus and Aleppo some time within the next few weeks. Canadian businessmen interested in trade in these areas should get in touch with Mr. Hughes at the Canadian Embassy in Beirut.

ISRAEL

Exports this year have risen considerably but country still needs outside financial aid. Dollar area's share in Israel's import trade has decreased: Germany is winning large part of market. Canada ranks as fifth supplier; prices and credit terms are important in holding this position.

H. W. RICHARDSON, *Commercial Secretary, Athens.*

THE GENERAL ECONOMIC SITUATION in Israel improved during 1954. An important stabilizing factor was the absence of large-scale immigration for the past two years. Unemployment dropped, exports were at their highest, and the supply position better, thanks to increased industrial production, a record agricultural output including a citrus crop of over ten million cases, and the larger flow of German war reparation goods. The gradual progress towards a more liberal economy, begun in 1953, continued this year. Some quantitative and price controls were lifted and subsidies on fuel and a number of basic foodstuffs abolished.

Financial Measures

The stabilization of the Israeli pound was carried a step farther by the adoption of a single rate of exchange for all exports, investment capital, and the great majority of imports. Prices and wages rose somewhat and currency circulation increased, but increased productivity, a slight drop in real wages, and a strict but flexible bank credit policy held inflation in check. Industrial products for export faced problems on a price-for-quality basis, unless they were aided by such devices as bilateral commercial agreements. The pace of economic development and expansion has been maintained and many new long-term projects are proceeding. But outside financial assistance will be needed for a number of years for projects financed both by State and private capital.

A record citrus export of over ten million cases, almost half of which went to Britain, plus a doubling of industrial exports, resulted in the highest export volume for any eight months in Israel's history. These exports were valued at US$42 million compared with about $32 million in 1953, after taking into consideration the various changes in the exchange rates. Imports, at US$198 million during the first eight months of 1954, showed a slight increase of $185 million over those for the same period in 1953. The trade gap remains wide.

The dollar area's share of Israel's import trade declined from 40 to 33⅓ per cent. European suppliers increased their sales from less than 40 per cent in 1953 to nearly 50 per cent of the country's total imports. Reparation funds for purchases in Western Germany and greater use of bilateral clearing agreements with Europe and Turkey are the main reasons for this change in the direction of import trade. Attractive prices and easy payment terms offer further inducements to Israel to trade with Europe. The United States remained Israel's main supplier, but her share was reduced for many products, with Germany, Turkey and Canada gaining ground. Finland, USSR, Yugoslavia and Bulgaria also gained; Switzerland, Belgium, Italy, Austria, South Africa and Argentina sold less to Israel. Imports from Germany increased almost tenfold over the first eight months of 1953, putting that country in second place as a supplier; goods sold included a wide range of capital equipment and raw materials. Larger soft wheat purchases boosted imports from Turkey and placed that country in fourth place, after the United Kingdom. Canada stands fifth among the nations supplying Israel's needs.

Israel is relying increasingly upon bilateral clearing agreements and barter deals, particularly with Turkey and also with the Netherlands, France, Italy, Finland, Argentina, Norway, Yugoslavia, USSR, Poland and Bulgaria. These countries provided fish, meat, potatoes, seeds, livestock, lumber, newsprint, pulp, hides, aluminum, chemicals, minerals, etc.

Canadian-Israeli Trade

Despite the reduction in dollar-area trade in general, Canadian exports to Israel for the first eight months of 1954 totalled $5·9 million, compared with $4 million for the same period in 1953. This increase resulted entirely from larger shipments of hard wheat. Sales of B.C. lumber, tissue paper, primary aluminum, copper wire, antibiotics, steam engines and parts, scientific apparatus, synthetic resins and chum salmon also rose; those of other products declined.

Israel's exports to Canada decreased in value from $883 thousand to $699 thousand during the first eight months of the two years, because of smaller sales of polished diamonds, the leading item, textiles, pencils, wines and spirits. New Israeli products sold to Canada in 1954 included steel valves, fresh oranges, flannels, worsteds and serges, and sponges.

To speed up the bringing of the internal purchasing power of the Israeli pound into line with its real external value and to obtain funds for development budget expenditures, the Government abolished the special import rate of Is.£1 to US$2.80 for all subsidized essential foodstuffs. The basic Is.£1 to US$1 rate was then applied to most bulk foodstuffs, including wheat and meat, fuel, livestock, oilseeds, fertilizers, insecticides, certain drugs, asphalt, sulphur, pyrites and a few other items. The Is.£1·8 to US$1 rate now applies to all other imports. A number of price and quantitative controls were lifted. About 200 foodstuffs, (of which only 16 are now rationed) are still subject to price control. These measures brought increases in prices, wages and currency circulation, but more moderate ones than in the previous year's adjustments.

During 1954 the more realistic rate of Is.£1·8 to US$1 was extended to all exports and to invisible earnings such as tourist trade, foreign investments, etc. The system of allowing export industries to use some foreign exchange earnings for additional raw material supplies was continued. Production committees were set up to find methods of increasing output and lowering industrial costs. However, many Israeli industrialists maintain that wages pegged to the cost-of-living index, high industrial taxation, restricted and expensive credit facilities, and higher-priced raw materials following the 1953 devaluation, combine to make Israel non-competitive in export markets, and that a further devaluation may be necessary—unless the people will accept more austerity and lower real incomes.

Report on Progress

During 1954 electricity generating capacity was increased by 20 per cent. The output of cement, potash, super-phosphates, sulphuric acid, vehicles and tires increased. Production of newsprint and kraft paper, masonite board, industrial ceramics, copper wire and cable, plastic yarn, high-pressure pipes, prestressed concrete sleepers and electricity pylons, chlorine, cortisone, and electric domestic washing machines began. Oil prospecting is being carried out by seven local and foreign groups and two of them have started drilling. Agriculture had an excellent year with citrus, cereals, fruit and vegetable yields all up.

Developments in transportation and communications include the opening of new harbour facilities at Kishon, the auxiliary port for Haifa; new passenger and cargo quays at Haifa; and new roads, particularly in the under-developed Negev area to the south. A floating dock for Haifa, new freighters, tankers, trawlers, railroad rolling stock and equipment were ordered in Germany. Irrigation projects received high priority, and 200 thousand acres are now irrigated. Although the use of Jordan Valley waters for irrigation and hydro-electric power is being held up by Jewish-Arab differences, smaller regional schemes are proceeding.

The country's balance of payments position compels a continuation of strict import controls and licences will not be granted for luxuries and non-essentials. Foreign exchange needs during the fiscal year ending March 1955 have been budgeted at US$346 million, compared with US$310 million the previous year. Allocations of $177 million for current consumption are about the same as in the previous budget. Imports needed for the export trade are up by one-third to $41 million; investment estimates have increased by 80 per cent to $88 million. Once again the country will place great reliance on U.S. economic aid, German reparations, help from North American Jewry and loans from foreign financial institutions, in meeting most of these budgeted expenditures. They include a high proportion of basic development projects in electric power, irrigation, communications, agriculture and industry. Exports are optimistically estimated at $78 million. Foreign investment has slackened off considerably in the past two years and the Government may improve the Capital Investment Law.

Trade Prospects for Canadians

There seems little likelihood of any change in Israel's foreign trade pattern until she can increase her exports substantially. In the foreseeable future, she will continue to trade with Europe as much as possible, especially through bilateral exchange clearing agreements, with Western Germany through reparation financing, with the United Kingdom through citrus sales for sterling, and with the United States through aid from the Government and from U.S. Jewry. Prospects for supplying Israel in the future with Canadian wheat and canned meats, certain raw materials and manufactured items will depend upon credit facilities offered by Canadian-Jewish organizations and financial institutions, upon some offshore purchasing with U.S. aid funds, and upon limited dollar exchange, earned through exports, seeking the most competitive sources for certain products. Canadian hard wheat, strongly preferred by local millers, is our leading competitive product for the Israeli market. The poor Turkish harvest this year holds out good prospects for larger Canadian wheat shipments to Israel, which may be shared with U.S. wheat supplied as economic aid.

Canadian-Israeli trade continues heavily in Canada's favour and the present wheat situation is likely to increase this balance to a record level in 1955. The hope is that more of Israel's diversified manufactured products and citrus fruit at competitive prices may soon find markets in Canada and thus help to sustain permanently the high level of Canadian exports to this small but important market.●

JAPAN

Foreign exchange reserves fell drastically during 1954; so did special dollar earnings. Government undertook austerity program and curtailed imports; exports now beginning to rise. Agreement on Commerce with Canada, ratified in June, followed by increased trade between the two countries.

J. C. BRITTON, *Commercial Counsellor, Tokyo.*

ECONOMIC DEVELOPMENTS in Japan in 1954 emphasized the fundamental deficiencies in the country's economy and the favourable factors were partially overshadowed. Japan's accumulated foreign exchange holdings, which provide an accurate barometer of its economic health, totalled $1 billion at the end of 1953 but had fallen to slightly more than $500 million at the end of 1954. This figure is regarded as a minimum because Japan is deficient in foodstuffs (about 30 per cent), iron ore, petroleum, coking coal, raw cotton, wool, and most other industrial raw materials and must import all these from supplying countries in North America and elsewhere at a high cost in foreign exchange.

Japan's imports in recent years have been running at about 28 per cent above exports, with the deficiency being made up by special dollar earnings derived from Armed Forces expenditures in Japan and UN Korean procurement. These earnings fell off drastically in 1954 and the probability is that this trend will continue and, in fact, accelerate in the future. The boom created by the Korean war has been a mixed blessing for Japan because it produced a buoyant demand in the domestic market and to some extent delayed industrial rationalization. The combination of these and other factors has resulted in Japanese export prices rising above international levels, and has contributed to the inflationary spiral which prevailed until several months ago. To rectify the position the Japanese Government instituted fiscal measures at the end of 1953 to tighten credit, check domestic demand, and reduce prices on export products.

Austerity Program

The primary objective of the Government's austerity program was to correct the trading imbalance. This objective assumed greater urgency as accumulated foreign exchange reserves diminished. The deflationary policy embraces a "tight monetary policy" and an austerity budget in fiscal 1954—some 2·7 per cent less than in the previous year. The trading imbalance which resulted in a $310 million deficit in 1953 is slowly being whittled down and simultaneously imports have been reduced. The austerity program has achieved some results; one indication is that wholesale prices covering a wide range of commodities registered an overall decline of 9·1 per cent at the end of August. There was no significant decrease after that date.

The adjustment from the inflationary boom following the outbreak of the Korean war to the deflationary cycle which prevailed throughout 1954 has caused considerable retrenchment and, because of the tight monetary situation, the pace of domestic business has slowed down. There were a large number of bankruptcies and an increase in the number of dishonoured bills in the first half of 1954. The situation eased considerably in the last half of the year as inefficient firms were forced out of business, but the depression in domestic trading continued. Most of the Japanese industrial firms with the exception of those in the food and allied industries realized much lower profits in 1954, as industrial production decreased under deflationary pressures. The demand for electric power, as a result, fell steadily. Farm income, however, has continued high throughout 1954 as crop conditions were generally good. Government expenditure at the Prefectural level was not reduced to any appreciable extent. In general, the austerity program has proved effective.

Export Trade Improved

Japan's export trade showed a moderate but encouraging increase in the third quarter of 1954. Commodity exports totalled $1,085 million in the first nine months and probably will exceed the $1,500 million mark for the year, compared with $1,156 million for 1953. The monthly average of exports exceeded $120 million in 1954, well above the $96 million average in the preceding year. Invisible exports (which include the important item covering expenditures by foreign Armed Forces in Japan) stood at $592 million at the end of September 1954, down from the $713 million in the same period in 1953. It is probable that the overall position in 1954 will improve because foreign exchange receipts from both commodity and invisible export trade averaged $186 million during the first nine months, compared with the monthly average of $176 million in 1953. Japan's foreign exchange account registered an excess of receipts over expenditure during the third quarter of 1954. This is mainly

attributed to the reduction in imports under the Government's austerity policies.

Japan's exports to the sterling area in 1954 increased sharply over 1953 and were valued at $340 million for the first nine months, compared with $227 million for the same period in the preceding year. Similarly exports to "Open Account" countries increased from $240·5 to $407·4 million. Exports to the dollar area fell off from $374 million to $337 million at the end of the third quarter of 1954. Japan's most important markets in the year under review included the United States, Thailand, Hong Kong, Formosa, Argentina, Burma, Korea, and the Philippines. The principal commodities shipped, in order of importance, were: cotton fabrics, iron and steel products, fish, ships, chemical fertilizers, wearing apparel, non-ferrous metals, and rayon fabrics.

Import Trade Still High

The problem of reducing imports is a big and difficult one. The country is deficient in most foodstuffs and raw materials—in fact, 20 per cent of imports consist of staple foods such as rice, wheat, barley; 28 per cent of textile raw materials such as raw cotton and wool, and 40 per cent of industrial raw materials including iron ore, coal, petroleum, salt, and machinery. These commodities together constitute 98 per cent of total imports. Rigid control of imports throughout the first nine months of 1954 brought the monthly average of commodity imports down from $175 million in 1953 to $165 million. Imports came mainly from countries in the dollar area which accounted for $925 million—58 per cent of the total for the first nine months of 1954—and comprised principally food grains, raw cotton, petroleum oils, minerals, and machinery. Next most important suppliers ($370 million) were Open Account countries with which Japan has trade and payments agreements, including Brazil, Formosa, Thailand, Indonesia, West Germany, and the Philippines. The most important items from Open Account countries were food grains (mainly rice), raw cotton, and substantial quantities of chemical raw materials. The sterling area furnished imports valued at $278 million in the first nine months of 1954, compared with $617 million for the calendar year 1953. The principal imports from countries in the sterling area were textile fabrics (i.e., wool) and food grains.

Prominent among Japanese export industries is the making of high-grade cameras. Here technicians in a Tokyo camera factory are breaking a mould of optical glass which has been cooling for two months and which is now ready for use.

Japan-Canada Trade

Following the ratification of the Agreement on Commerce between Canada and Japan in June, Japan's exports to Canada registered an immediate increase and this trend continued for the rest of the year. For the months of June and July, imports into Canada from Japan were valued at $1,883,559 and $1,689,165 respectively. Imports into Canada from Japan for the first five months of 1954 totalled $4,776,250—or below the million mark each month. Japan's sales to Canada for the period January-September 1954 amounted to $11,861,000 with the likelihood that the 1953 total of $15,305,000 would be exceeded by the year's end.

Imports from Canada into Japan for the first nine months of 1954, valued at $78,919,000, were running at about the same rate as the previous year when the twelve-month total was $104,924,000. The principal items included wheat, barley, pulp, iron ore, linseed, lead in pigs, asbestos, and metals. Japan's more important exports to Canada included fresh mandarin oranges, fresh fish, steel casings, plywood, china tableware, canned tuna, woollen gloves, toys, clothing, buttons, fish nets, jewellery, sewing machines, and optical instruments. The pattern of trade in 1954 was the same as in previous years; Japan's purchases from Canada consisted of grain, metals, and industrial raw materials, and exports to Canada included a wide range of miscellaneous products. The Agreement on Commerce has, however, quickened interest in Japan in the Canadian market and in Canadian products. Japan's restrictive import policy leaves little leeway for the sale of Canadian manufactured products or consumer goods at the present time.

Summary of Conditions

Japan is facing an extremely difficult period of adjustment. Competition for the available business in traditional export markets in South East Asia was particularly keen in 1954. The austerity program has produced encouraging results, exports have risen and

foreign exchange receipts exceeded payments by a small margin during the latter part of the year. The amount, however, does not bridge the gap between the country's import and export trade when combined with the special dollar earnings from other sources. Japan's population has been steadily increasing, with prospects of a further rise in the years ahead. It is difficult to envisage drastic import reductions in the light of present conditions. This means that the solution lies in increased export trade, particularly with countries in South East Asia. Plans are under way to develop available agricultural and other resources in northern Japan and to encourage rationalization of competitive Japanese industry. This program, successfully carried out, would lessen Japan's dependence on imported agricultural products and assist selected industries in developing export business.

Jordan

Favourable harvest permits wheat exports but country remains dependent upon financial aid provided by the United Kingdom, the United States, and the United Nations Relief and Works Agency.

G. F. G. HUGHES, *Commercial Secretary, Beirut.*

JORDAN has a total area of 37,500 square miles, less than Newfoundland, and 90 per cent of this is desert. Including 32,000 hectares of irrigated land, the total cultivated area of 565 thousand hectares represents a man/land ratio of about 1·27 persons per rain-fed hectare—a ratio which means that only a portion of the population of 1,380,000 can be self-sufficient. Never a viable economic unit, Jordan faced almost insuperable difficulties when over 400 thousand refugees, a population increase of 50 per cent, flooded in during 1948.

The most far-reaching scheme to alleviate the present crisis is the Jordan-Yarmouk irrigation project. It provides for the irrigation of some 46,000 hectares and is estimated to cost some JD20 million.* Much valuable survey work has been completed by both the U.S. Foreign Operations Administration and the United Nations Relief and Works Agency. But largely because of conflicting political interests, this important project has barely progressed beyond the planning stage.

The unfavourable balance, a persistent characteristic of Jordan's foreign trade, amounts to JD10 to JD12 million per year and is offset by British grants, UNRWA contributions, and drawings on reserves.

U.S. and British Aid

In June of this year the United States and Jordan Governments reached an agreement whereby Jordan would receive $8 million worth of goods and services under a Foreign Operations Administration grant. About half the sum will be used for outside consultants and contractors engaged to carry out various projects under the general heading of roads, irrigation, ground water exploration and development, range resources, rehabilitation and development, and afforestation. Local currency requirements for the schemes will be provided by a counterpart fund resulting from the sale of goods imported under the loan.

Under the terms of the loan, commodities approved for import, valued at about $4 million, included a wide range of raw and processed agricultural commodities and other essentials. Among the main ones were rice, sugar, cotton, rayon and wool fabrics, motor vehicle parts, hard and soft wood, plywood, newsprint and printing paper, steel bars and sheets.

To supervise the expenditure of British loans (which are additional to the regular British contributions to balance the external trade deficits and defray the cost of the military forces) the Development Board was created in April 1952. The plan calls for the expenditure of JD23·5 million in five years, starting with 1953-54. The fourth British loan of JD1·6 million for 1954-55 brought available funds to date to a little over JD3 million.

About one-third of the planned expenditure goes to road construction. Other items include the improvement of railway facilities between the Syrian border and Ras-el-Nageb, improvements to Jerusalem and Amman airports and to the seaport of Aqaba, afforestation, village loan program for terracing hill lands, general farm improvement, and a number of minor irrigation projects.

Favoured by good weather and comparative freedom from locusts, the 1954 wheat harvest of some 225 thousand tons is expected to provide an export surplus

* One Jordan dinar=£1.

of about 80,000 tons. High production costs and a falling world market have produced problems for the Government, which has attempted to maintain a stable internal price. A special budget item of JD500 thousand was established for the purchase of wheat, and unsold surpluses will be stored as an insurance for next year. An important sale of 15,000 tons of flour was made to UNRWA for delivery in the first quarter of 1954.

Of all the development plans to make Jordan more self-sufficient, none is more important than the exploitation of the mineral resources, particularly the phosphate deposits. These are located in four areas and represent the most important deposits between Tunisia and the Pacific. High transport costs to the port of Aqaba handicap exports but it is hoped to raise them from the present annual figure of about 25,000 tons to 500 thousand tons.

Early in the year Jordan's first cement plant went into operation. With production at capacity of 50,000 tons a year it is meeting the total requirements of the country.

Other principal projects include an olive oil refinery with a capacity of 20 tons a day which should start operation in 1955, and the extraction of the potash salts of the Dead Sea.

Foreign Trade Not Balanced

The Arab-Israeli war radically affected the trade pattern of the country. Before 1948 Transjordan exported its surplus cereals, fruits and vegetables to Palestine and had access to a cheap import route through the port of Haifa. Since then, local food production has barely been adequate to feed the people following the refugee influx. Imports must bear the high cost of the long overland route from Beirut, the only port providing regular and frequent connection with world supplying centres.

Total imports increased from JD13 million in 1950 to JD18·4 million in 1953; exports have remained between JD1·5 and JD2 million. This serious, chronic disparity is made up, as explained previously, chiefly by direct grants from the British Government. This, and the fact that Jordan is a member of the sterling area, explains why dollar imports are stringently controlled and normally limited to essentials unobtainable elsewhere. Total dollar allocation for the year 1954 was the equivalent of JD750 thousand. Aside from essential needs for government and travel, the chief items with allocations of dollars were agricultural machinery, cars and car parts, second-hand clothing, and pharmaceuticals.

Despite the severe control, there are signs that discrimination against dollar goods may become less marked. On January 1, 1954, the "fine" system was reintroduced after a lapse of some time. This allows importers to bring in permitted articles without an import licence, on payment of a fine. This fine varies from 4 per cent to 15 per cent for soft currency goods and from 4 per cent to 20 per cent for dollar goods. Items successfully imported in this way are usually American-type semi-luxury or luxury goods which, because of style or the benefit of international advertising, have sufficient appeal to be worth the extra cost.

For the time being, Jordan cannot be considered an easy or attractive market for Canadian goods. (Canadian exports in 1953 were valued at only $38,000.) But it should not be overlooked by exporters of those essentials for which dollar exchange is granted, nor by manufacturers of items which can qualify under the "fines" system.

Competition for Entry into the Trade Commissioner Service

ON SATURDAY, January 22, and January 29th, 1955, the Civil Service Commission will conduct written competitive examinations for Foreign Service Officers, Grade 1, in the Trade Commissioner Service of the Department of Trade and Commerce. The examinations will be held at centres throughout Canada and at posts abroad.

To be eligible to write the examinations, the candidate must be a graduate from a recognized university or its equivalent, or he must expect to graduate in the spring of 1955. Candidates must be under the age of 31 years on June 1, 1955, and be Canadian citizens with at least ten years residence in Canada.

Academic specialization in economics, commerce, or international trade will be helpful, as will a background in engineering, agriculture or law. Additional credits will also be granted for postgraduate training, and for business or professional experience. Candidates who pass the written examination will be interviewed by an examining board which will assess their suitability for appointment.

The procedure for applying to write the examinations is to complete and forward to the Civil Service Commission the standard application form CSC-36 quoting competition number 55-2700. The Commission will then advise at a later date the exact time and place of the examinations.

For further information about this competition, write to the Civil Service Commission, Ottawa, or to the Director, Trade Commissioner Service, Department of Trade and Commerce.

Philippines

Exports have been holding up well, despite lower prices for some products; imports from dollar area still restricted to some degree. Domestic business has slowed down and credit is tight.

H. E. LEMIEUX, *Vice-Consul and Assistant Trade Commissioner, Manila.*

BUSINESS CONDITIONS in the Philippines in the past few months have shown contradictory trends. Domestic business has moved at a slow pace, but during the first five months of the year both imports and exports rose compared with the same period of 1953, and in spite of a decline in prices for some of the commodities, such as copra, which find a good market abroad. Reserves of gold and foreign exchange went up from $298 million at the end of June to $305·7 million at the end of September. This was the result largely of increased U.S. Government expenditures within the country, the sale of Philippine Air Lines surplus equipment, and the curtailment of government spending abroad.

Activity in both the wholesale and retail trade has slowed down considerably in recent months. One of the main reasons is the curb on credit facilities. A second is the uncertainties and readjustments following the passage by the Philippine Congress of the Retail Trade Nationalization Law. This Act provides for the gradual elimination from participation in retail trade of all aliens, with the exception of U.S. citizens, and it affects particularly the large number of Chinese merchants.

Production Picture

So far this year, most segments of Philippine agriculture have increased their production. The crop year ended last June 30th yielded, according to official estimates, a record rice harvest about 3 per cent above that of the previous year. With a few exceptions, production and exports of most of the other leading agricultural commodities were well above those of the preceding season. The table below indicates the progress made:

Production and Exports
1952-53 and 1953-54 crop years

(in metric tons)

	1953		1954	
Commodity	*Production*	*Exports*	*Production*	*Exports*
Copra	869,000	594,000	956,000	703,000
Sugar	1,115,000	698,000	1,402,000	865,000
Hemp (abaca)	113,000	114,000	99,000	98,000
Timber*	1,206	380	1,475	640
Coconut oil	141,000	59,000	145,000	66,000
Leaf tobacco	22,000	13,000	17,000	8,000

* In million board feet.

As of last September, official estimates placed copra output at 10 per cent and production of centrifugal sugar at 25 per cent above 1953. The abaca (hemp) industry is seriously hampered by mosaic disease and suffered a severe setback; output has fallen 12 per cent below last year's. Tobacco yield was about 25 per cent less than in 1953.

Manufacturing industry maintained a satisfactory output. On the basis 1952=100, the index of industrial production rose to 123·7 at the end of March 1954, compared with 108·5 for March 1953. The value of goods manufactured also increased, largely because of newly established plants in such varied fields as drugs, textiles, paper and paperboard, foods and beverages, fertilizers, and plastics.

Imports and Exports Up

Philippine exports for the first five months of the year had a total value of $186·6 million, an improvement over the $169·6 million for the same period of 1953. This was achieved despite lower prices obtained for certain commodities. Imports for the five months were valued at $182·5 million, compared with $172·1 million in 1953.

To safeguard the favourable balance of payments, the Central Bank of the Philippines has continued to restrict imports. However, in an effort to offset inflationary trends, the Bank announced last August a "liberalization" of dollar allocations for imports. Emphasis continues to be placed on highly essential goods and the basic needs of producers, as the classification of letters of credit shows:

Letters of Credit Opened
January-July 1954

(in millions of U.S. dollars)

Category	*Value*
a. Highly essential goods	16,444
b. Producer goods:	
(1) Essential	143,784
(2) Non-essential	36,276
c. Consumer goods:	
(1) Essential	39,115
(2) Non-essential	30,105
d. Unclassified imports	6,834
Total	272,558

Canadian exports to the Philippines for the first nine months of 1954, at $11·6 million, showed a slight rise over the $10 million for the same period of 1953. Wheat flour, valued at $8·4 million, was by far the leading commodity. Canadian purchases of Philippine products reached a total value for the nine months of $2·9 million, a noteworthy increase over the $1·5 million for the first three quarters of 1953. Some $2·4 million of this represented copra shipments and about $53 thousand, mahogany.

Conclusion

Although the tight credit situation poses some problems for Philippine business, appreciable increases in agricultural and industrial production, plus the favourable balance of payments, offer some encouragement. Whether the picture will change or not depends in large measure upon the outcome of the trade negotiations at present going on in Washington over the extension and/or revision of the Bell Trade Act. These negotiations should decide whether or not the Philippines will continue to enjoy preferential treatment in the large United States market for her big agricultural surpluses, and to what degree. The Washington talks should also decide to what extent United States businessmen will continue to enjoy tariff preference in this market and other benefits denied to non-American foreign exporters. Any changes in the Philippines-United States Trade Act should prove of interest to Canadian firms doing business in the Philippine market, and the Washington deliberations should be closely watched.

SYRIA

Bumper cereal and cotton crops have boosted Syrian exports, with sales of wheat running so high that recently the Government called a halt. Trade with Canada rose encouragingly in the first six months of 1954, with agricultural machinery continuing as the leading commodity.

G. F. G. HUGHES, *Commercial Secretary, Beirut.*

SYRIA is, on the whole, enjoying relative prosperity —the effect of favourable growing conditions and of increased acreage sown to cotton and cereals. Although the unstable political conditions which followed the displacement of the Shishakly Government have had a disturbing effect on plans for economic development, studies have gone forward and work has progressed on projects already started.

Syria has, as yet, accepted no foreign loans or grants but in the past year interest in receiving outside help has been evident. In March, a team of experts from the International Bank for Reconstruction and Development made a study of various projects already under consideration, to determine their eligibility for loans. The projects include port construction, railway extensions, agricultural co-operatives and irrigation schemes. Up to the present no further steps have been reported. The only large-scale projects now under contract are the port of Lattakia and a portion of the Ghab irrigation and hydro-electric scheme.

Developing Port of Lattakia

The Government has actively fostered the development of Lattakia as the port of Syria since the economic rupture with Lebanon. As the natural outlet for the produce of the fertile Aleppo and Jezireh districts, Lattakia has handled more and more of Syria's foreign trade during the past few years. In 1948 total merchandise movement amounted to only 33,000 tons; in 1953, 530 thousand tons were handled, 353 thousand tons representing exports.

Total expenditure planned for the port is £S44 million. The contract for the maritime works, which calls for the construction of a breakwater, a main quay, and dredging and filling operations, was awarded to a Yugoslav firm for £S26·8 million. The work is scheduled for completion at the end of 1956. Other work yet to be undertaken includes the construction of warehouses, workshops, the installation of cargo-handling equipment, navigational devices, and the purchase of tugboats.

The first stage of the Ghab irrigation and power scheme is also being carried out by a Yugoslav firm and calls for the deepening and widening of the channel of the Orontes River in the Ghab Valley, to drain a large swampy area. This is a small portion of the overall scheme which is estimated to cost £S112 million. If it is completed, it will drain and irrigate 74,200 hectares and produce 20,600 kw. of electric power.

Twenty-four nations, including all the Arab States except the Yemen, were represented with national pavilions at the Damascus fair which opened as

scheduled on September 2nd. Though several national and private pavilions were not completed by the opening date, the fair got into full swing by the second week and maintained its popularity until the closing date on October 1st. At a daily average of 30,000, attendance went beyond expectations and included large numbers who travelled from Lebanon, Jordan, Iraq and even farther afield. The fair is generally regarded as successful and it has since been decided to hold it every year.

Communist and satellite countries were strongly represented, the pavilion of the USSR dominating the centre of the fair grounds with its immense white buildings surmounted by a tall steeple and red star. Though the United Kingdom and United States did not have national pavilions, the products of many British and U.S. firms were exhibited in private stands and the U.S. government-sponsored "Cinerama", the first in the Middle East, proved very popular and made a tremendous impression. Canadian exhibits carried in private pavilions were limited to agricultural machinery and a few consumer goods.

Actual commercial business conducted at the fair was reported as unimportant, but the fair achieved its principal purpose of providing a show window for the countries trading with Syria and with the Arab States.

Good Crops Matched by High Exports

Despite a bumper crop of wheat estimated at 940 thousand metric tons compared with 870 thousand last year, the Syrian Government recently decreed the prohibition of the further export of wheat unless each export sale is matched by a similar amount imported. This action indicates the success of the export season now in full swing. The barley crop is estimated at 516 thousand metric tons, compared with 1953's 500 thousand metric tons. Up to the end of September 168 thousand tons of wheat and 421 thousand tons of barley had been exported; stocks were drawn from both old and new crops.

Land sown to cotton in 1954 was increased to 200 thousand hectares against 135 thousand hectares in 1953. The latest estimate of the cotton crop is 65,000 tons ginned, compared with 48,000 tons in the last year. Cotton has become by far the most important export and in 1953 accounted for 37 per cent of total exports. France and the United Kingdom are the chief buyers. Principal exports in 1953 are shown in the table in the next column.

Official trade statistics are apt to be somewhat misleading; they give an incorrect picture of the balance of payments position because they use the official rate of exchange. But they do focus attention on the relative importance of Syria's trading partners. It should be explained that, although it appears that exports exceeded imports in both years, the situation becomes less favourable when one realizes that the figures for imports from Lebanon must be increased by 10 per cent and from the rest of the world by about 50 per cent.

Exports of Syria, 1953

	Syrian £'s '000
Cotton	134,703
Wheat and flour	52,346
Barley	24,791
Other cereals	10,177
Animals for food	22,284
Wool, raw	21,540
Legumes	9,159
Piece goods	8,724
Cotton seed	5,506
Butter	5,382
Oilcake	4,190
Gold	3,777
Cement	2,019

Syrian Trade 1952-53

Amounts in £S × 1,000

	Imports from:		*Exports to:*	
	1953	*1952*	*1953*	*1952*
United States	37,672	45,480	20,678	15,945
Lebanon	33,379	35,724	89,519	70,279
United Kingdom	33,326	29,245	46,339	77,161
France	32,684	29,574	58,510	49,166
West Germany	29,249	19,099	24,195	9,872
Italy	21,064	20,472	31,734	16,606
Netherlands	11,966	7,519	7,070	2,722
Saudi Arabia	11,863	7,913	10,915	10,333
Belgium	9,985	13,771	17,383	3,799
Switzerland	9,338	5,417	4,504	398
Iraq	8,333	8,526	14,800	17,176
Jordan	8,291	5,998	12,834	16,846
India	6,702	5,507	.....	.....
Turkey	6,542	18,289	431	1,496
Others	46,116	50,800	30,527	27,594
Total	307,050	313,334	369,439	319,393

Trade with Canada Increases

Syrian industries have progressed rapidly in the post-war years but the country still remains largely agricultural. Although the variety of Canadian goods exported to Syria is extensive, the principal commodities are those directly concerned with agriculture or with services dependent upon agricultural activities. None the less there is a growing demand for consumer goods and raw materials for construction and industry. These requirements will undoubtedly prove more important as the country realizes its development program and as the average level of income increases.

Canadian exports to Syria in 1953 totalled $578 thousand; agricultural machinery accounted for about half of this. Other principal items included truck and bus tires, planks and boards of Douglas fir, pharmaceutical products, washing machines, linseed oil, automobile

parts and latch needles. Exports in the first six months of 1954 showed roughly the same pattern but are indicating an improvement over the previous year with a total of $657 thousand.

In Syria foreign exchange is freely available and import restrictions comparatively few. Though the market is essentially a small one, Canadian firms who can offer attractively priced products which do not compete with local production are urged to inquire of the Trade Commissioner about sales possibilities.

It should be remembered that, since September 1952, Syrian law requires firms exporting to Syria to be represented by a Syrian company. In the past it has been fairly common practice to appoint one representative for both Syria and Lebanon, and many Lebanese firms have established separate companies in Syria in order to continue their service to principals and at the same time conform with the Syrian regulations. Canadian companies planning combined representations for the two countries are urged to consider this aspect before making final arrangements.

TAIWAN

Program for making the island self-supporting by 1956 moved forward in 1954, but U.S. aid still needed. Investment in local industry showing results. Trade remains strictly controlled.

T. R. G. FLETCHER, *Trade Commissioner, Hong Kong.*

DURING 1954 Taiwan's economy continued to expand in terms of the Chinese Government's master plan and also gained a measure of stability, even though export trade declined by the second half of the year. The Island remained dependent on aid from the United States to make ends meet. There was no change in the Government's policy of centralized economic planning, nor in the underlying austerity of the semi-war economy. For the private trader these facts spelled out a continuation of controls—import licensing, official commodity budgets, strict exchange regulations, and so on. The combined effect was to condition the prospects of overseas traders wanting to do business in Taiwan.

Assessing the Economy

A wide variety of economic indicators is available from a number of government authorities. The Ministry of Economic Affairs issued an index of industrial production (based on 1948=100), which showed a steady rise—from 238 in 1952 to 323 for 1953 and 412 for the month of July 1954. Index figures on public finance, produced by the Bank of Taiwan, and others on price and wage levels issued by the Provincial Bureau of Accounting and Statistics, indicated inflationary tendencies, but a notable levelling-off over the past eighteen months. The alarming upsurges of 1949-52 had lost their force and the inflationary trends were apparently under control. Such tendencies seem inevitable because of the Central Government's enforced deficit financing and the unfavourable balance of payments.

Trade statistics repeated the pattern of previous years with values again increasing. The familiar imbalance of trading account, met by United States FOA aid, was still apparent but the gap was closing as the overall development plan unfolded. The following table shows trends:

Year	*Export Values (US$ million)*	*Import Values (US$ million) Chinese exchange*	*U.S. aid*
1949	33·9	26·1	8·7
1950	93·1	91·6	20·5
1951	93·1	84·3	54·0
1952	119·5	115·2	73·5
1953	129·8	100·6	59·4
Jan.-June 1954	59·1	55·1	29·8

Sources: Bank of Taiwan and Council for U.S. Aid, Taipei.

Taiwan's export trade again centered around sugar and rice. Tea, bananas, canned pineapple, citronella oil and salt, in that order, came next in importance during the first six months of 1954. Sugar represented 66·7 per cent of exports (69·5 per cent in 1953), rice 11·7 per cent (8·7) and tea 5·4 per cent (5·3).

Chief markets varied little between January-June 1954 and the year 1953. Japan was the biggest customer, taking 48 per cent of all exports. Then came Hong Kong with 7 per cent, Malaya with 5 per cent, the United States with 4 per cent, and the United Kingdom with 2 per cent.

Imports, still restricted to the needs of an austerity economy and the requirements of the far-reaching development plan, consisted of daily necessities, industrial raw materials, and producers' goods. Items most often purchased with the Chinese Government's own foreign exchange were, in order of importance, fertilizers, pharmaceuticals, petroleum products, machinery and parts n.o.r., galvanized sheets and wire, chemicals, beans and peas, textile machinery and parts. Commodities important in procurement with FOA funds

included raw cotton, beans and peas, wheat, machinery and parts n.o.r., and cotton fabrics.

The major sources of imports during January-June 1954 conformed to the pattern of preceding years. Japan was in first place, supplying 51 per cent of Taiwan's needs. The United States came next, with 14 per cent, followed by Hong Kong with 6 per cent and the United Kingdom with 5 per cent.

Increasing Export Trade

The target of the master development plan for Taiwan is an export trade large enough to finance the Island's imports without recourse to outside assistance. An unofficial but well-informed source has estimated this optimum value of exports at US$155 million a year. The Government has announced that it hopes to achieve this by 1956.

It seems certain, however, that export earnings will, for a long time to come, vary with sales abroad of Taiwan's sugar and rice. It is also interesting to note that, beginning with this current year, Taiwan, as a participant in the International Sugar Agreement, must restrict its sugar exports to 600 thousand metric tons a year.

In common with other exporting countries, Taiwan was threatened with depressed markets and exceedingly low prices for sugar as a result of a mounting world surplus. Returns from sugar exports were bound to fall from the peak levels they reached after the Korean action in 1950 and 1951. The International Sugar Agreement tends to stabilize the market, in a manner equitable to producers and consumers, at a lower level than during the period of scarcity and very high prices. Returns from sugar exported from Taiwan were valued at US$55·6 million in 1952, at US$85·8 million in 1953, and at US$45·5 million in the eight months January to August 1954, a notable decline.

To compensate for lower sugar earnings, the authorities have sought to encourage the export of rice and limited success seems possible, though world rice prices are dropping. During the first half of 1954, Taiwan exported 33,072 metric tons yielding US$6·8 million, compared with 59,393 metric tons, earning US$13·5 million, for 1953. Promoting exports of goods like camphor, essential oils, and handicrafts is also going forward but is proving more difficult.

Efforts to expand export trade are, of course, to be complemented by attempts to reduce expenditure on imports of goods which can be produced in Taiwan, using its natural resources. In these endeavours FOA aid has proved invaluable, for Taiwan had no "savings", in the economist's sense, for capital investment. The Government has taken this lesson to heart and hopes it can attract much-needed foreign investment capital to make up the deficiency in local resources when official American aid ceases. A Foreign Investment Act was passed in July 1954 to create a more favourable climate in Taiwan for overseas capital. Meanwhile, continued aid from the United States is vital.

Rationalizing Imports

In the short run, it appears that the best prospects for success lie in the efforts to rationalize imports. In this field, the economic and technical aid from the United States has had remarkable success. The policy has been to encourage "import replacements" and, at the same time, develop the industrial base necessary to support such replacing. Careful investigation has concentrated efforts on the sensitive spots where a given investment will produce the best returns.

According to the Council for United States Aid, since 1950 up to August 1954 US$108 million has been authorized for expenditure on industrial projects. The money has been allocated as follows: for industrial development, US$63 million; for industrial commodities and raw materials, US$19 million; for maintenance and replacement purposes, US$12 million; for rehabilitation, US$10 million; for other purposes, US$4 million.

The tabulation below, relating to four key expenditure fields, indicates some of the results achieved.

The controlled planning in Taiwan is far-reaching. In addition to the usual regulations and ordinances, there is state ownership in the most important industrial fields and several state trading agencies participate in international trade. This policy dates from 1945, when the task of reconstruction and rehabilitation required a wholesale approach on a government level.

The Government continues to play an important role in commercial operations, and especially in the export of sugar and rice, and the share of private traders in the import field is governed by public controls.

U.S. AID TO CERTAIN TAIWAN INDUSTRIES 1950-54

Expenditure Field	*Expenditure Authorized (US$ million)*	*Units*	*Return Achieved*		
			1950	*1953*	*Jan.-June 1954*
Chemical industry....	16	1948 index=100 of production	130	263	281
Fertilizer industry....	17	millions, metric tons	58	164	86
Electric power.....	28	million KWH	1,040	1,564	906
Communications	15	thousands, metric tons of internal freight	16·7	27·6	13·8

During 1954, a tax bill was under consideration, designed to be more equitable but also with provisions encouraging to industrial investment. The new Foreign Investment Act has already been mentioned: this permitted Taiwan businessmen to seek additional capital overseas under improved auspices. A number of administrative improvements were made in the trade control systems. The delays in screening import applications were eliminated; the need to deposit 100 per cent exchange margin on first lodging import applications was abolished, and importers who were the exclusive agents of overseas principals could elect to buy on D/P terms instead of L/C as heretofore. The two latter concessions saved time and money. In addition, permission was given to use agency commissions credited overseas to a Taiwan firm as self-provided foreign exchange for imports; provision was made for the publication of authorized procurement commodity budgets in advance at two months' intervals and this has helped the traders to plan better. The Bank of Taiwan was relieved of its trade control duties to allow it to concentrate on banking, and foreign exchange and trade control became the responsibility of the specialized Foreign Exchange and Trade Control Commission.

Other measures were also enacted. A 20 per cent defence surtax was applied on imports throughout the year. New bilateral agreements were made with Korea and France; much of this trade will probably be carried on by the Central Trust of China, the official agency. More important was the Government's action, taken early in the year, requiring a re-registration of all Taiwan traders to rationalize over 25 per cent of the "small inefficient, nuisance firms" whose activities bogged down trade control routines and to provide more effective control over a prescribed number of commodity fields.

In summary, business conditions in Taiwan in 1954 reflected further progress in the drive toward self-support by 1956. The gap in the balance of payments still existed and further aid from the United States was essential. Trade remained under strict control and the scope for private enterprise continued to be limited. For these reasons, opportunities for overseas suppliers to ship goods to Taiwan depended on import planning and the availability of foreign exchange.

THAILAND

Fall in both volume and value of rice exports has hit Thailand's trade hard; rice accounts for half of total sales abroad. Import control, in effect since November 1953, does not affect most of normal purchases from Canada, but it is not possible at present to introduce new lines.

D. S. ARMSTRONG, *Trade Commissioner, Singapore.*

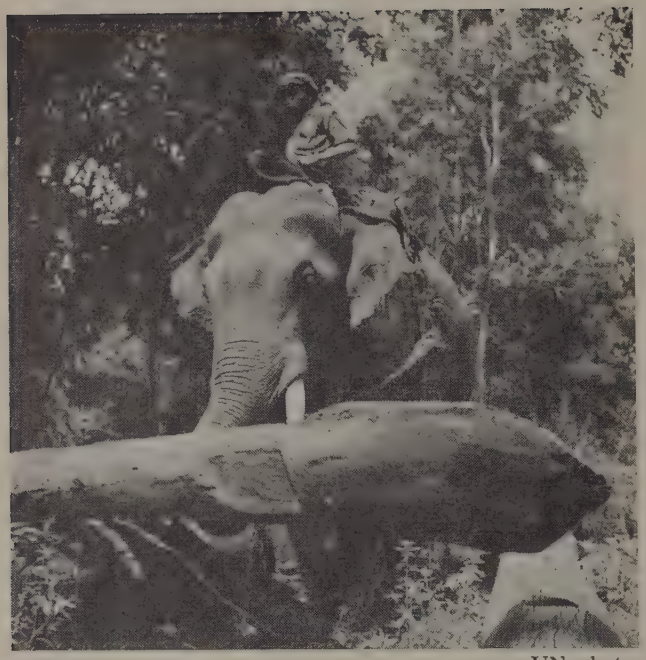
IN ANY SURVEY of world economic conditions, South-East Asia must be considered a soft spot. Much of the area was ravaged by war followed by civil strife, and was beset by the problems inherent in new self-government. Even today, conditions are far from settled.

Economically, South East Asia had seven or eight good years between the end of World War II and the close of hostilities in Korea. Indonesia and Malaya obtained high returns for their rubber and tin, and Burma, Thailand and Indo-China (the countries bordering Red China) sold all the rice they could produce at premium prices. Then, almost overnight, the terms of trade were reversed. Rubber and tin prices fell to a quarter of their highest levels and rice-producing countries suddenly found themselves with burdensome surpluses. At the same time, prices for imported consumer goods and capital equipment remained steady or increased, and the development programs put in motion in the boom years have become too heavy for these relatively weak economies to carry.

Politically, the Kingdom of Thailand is the exception. This tropical country with a population of nearly 20 million suffered little damage during World War II; it has never known colonial rule and thus did not feel the pangs of independence. Similarly, there is no terrorism or insurgency as in neighbouring countries. But economically Thailand has the same troubles as the rest of South East Asia—problems which stem from the change from a seller's to a buyer's market in rice.

Rice Marketing Problems

Thailand is undergoing a period of economic readjustment made necessary by the alteration in her terms of trade. The volume of trade during 1954, both import



—UN photo

In the Thailand jungle, elephants are still widely used for piling teak. In the last few years, with UN help, Thailand has embarked on a modern forestry development program.

and export, was below the previous corresponding period. Rice exports fell by some 25 per cent in volume and, because of declining prices, a good deal more in value. The value of the tical or baht (the national monetary unit) depreciated about 7 per cent during the year but rose again in December. Credit conditions were tight with payments slow. The banks raised their overdraft rates from 7½ to 9 per cent but even this did not reduce indebtedness appreciably.

Thailand's Exports of Rice

(in metric tons)

	9 months	*12 months*
1949	944,415	1,215,853
1950	1,102,855	1,483,249
1951	1,180,061	1,555,518
1952	1,122,960	1,428,405
1953	1,074,230	1,352,610
1954	752,250	.....

Thailand is an agricultural country and rice the most important crop. Rice production accounts for more than one-fifth of the national income and one-half of total exports. The figures quoted above indicate the serious decline in rice exports during 1954. Buyer resistance became evident in 1952-53, supported by a world-wide increase in rice production and a slight shift in consumption from rice to other grains. India, Indonesia, the Philippines and Ceylon have virtually stopped importing Siamese rice; Malaya (including Singapore and the British Borneo territories) and Hong Kong have cut their purchases almost in half and have decontrolled the rice trade. Only Japan is a constant buyer—subject, however, to a suitable price and to barter arrangements. Thailand has expressed a willingness to negotiate lower contract prices, which is only natural since trade circles estimated that there was an unsold surplus of one million tons on October 1st.

The "right" price is a highly contentious subject, as it is for any agricultural commodity. Certainly there is a very large spread in all rice-exporting countries between the price paid to the farmers for paddy and the price at which rice is sold. Much of this difference is used to augment government revenue but it is generally agreed, both inside and outside government circles, that lower prices and some "belt-tightening" will be necessary until the enormous surplus is sold. The big question is whether or not lower prices will increase consumption.

A Year of Import Control

In November 1953, Thailand imposed a comprehensive system of import control to maintain economic stability and to preserve foreign exchange. Since statistics were inadequate (no trade statistics have been published since 1952) merchants were asked to submit figures for the past five years on the volume and value of imports, sales and stocks. These have been used to set up individual quotas under which an importer can obtain permits to buy essential and semi-essential goods up to the quantity purchased in his best year. Consequently, it was not until the last three months of 1954 that permits for other than non-essentials were refused.

Initially, the definition of non-essentials was not made clear but on November 26, 1954, a prohibited list of 94 items was decreed. This list included products which are considered to be luxuries or which are available locally, but fortunately few of the commodities normally imported from Canada are included.

The Director General of the Foreign Trade Department frankly admits that it is a difficult and distasteful job to administer import control. The authorities have been examining other alternatives to protect foreign exchange reserves, such as increased tariffs and strengthened exchange control. In the meantime, future policy is uncertain but from the importer's point of view two things are quite clear—first, there is no hope of increasing import trade and second, it is impossible to develop new lines.

The solution to Thailand's problems appears to be short-term austerity coupled with the return of a greater world demand for rice. Like the market for wheat, the world rice market has its cycles, its periods of shortages and surpluses. There is no doubt that with rising living standards in Asia and increasing population, the present buyer's market will not last forever. In the meantime, Thailand's rice surplus should be considered "money in the bank" provided it can be

properly stored and provided the Government can obtain the resources to pay the farmers and finance normal government services in lieu of income from exports. Thailand is basically a rich country; food is plentiful, the climate is good, and the standard of living simple. Efficient organization, a realistic policy, and a vigorous attack on its problems will put the country back on its feet.

Trade with Canada Higher

Contrary to the general trade picture, the value of Canada's exports to Thailand in 1954 increased over the previous year. During the first nine months of 1954, total exports rose to $1·4 million from $1·1 million for the same period in 1953. Flour shipments, at $441,072, were slightly higher, milk powder at $433,092 was higher by $128 thousand, and drugs valued at $263,395 were up by $105 thousand. Automobiles and parts, outboard motors, fountain pens, polystyrene and cellulose products also showed some increase. Canadian imports from Thailand during 1954 have also been running at a better rate than in 1953, mainly because of larger shipments of seedlac and sticklac. There is some possibility of a resumption in shipments of loozain or cargo rice to Canadian rice mills. Canadian imports from Thailand are traditionally about one-third the value of exports.

TURKEY

Fast pace of development has created some problems for Turkish economy, and poor wheat crop this year has brought drop in exports. Growing trade deficit has resulted in further import restrictions and a new customs tariff law. Some change is becoming apparent in direction of trade.

H. W. RICHARDSON, *Commercial Secretary, Athens.*

CONTINUED DEVELOPMENT but increased problems marked the year 1954 in Turkey. The state investment drive initiated in 1948 brought further expansion in productive capacity; output of cement, iron, steel, coal, textiles, copper, sugar and paper rose. However, the harvest of wheat, the leading crop, and also of tobacco and barley was much below normal. During the year many port and storage facilities were expanded and modernized, new units were added to the merchant fleet, and additional thermal and hydro-electric plants were begun or completed. New legislation offered inducements to foreign capital. Moreover, the country continued to enjoy political stability after the May elections, which returned the same party to power.

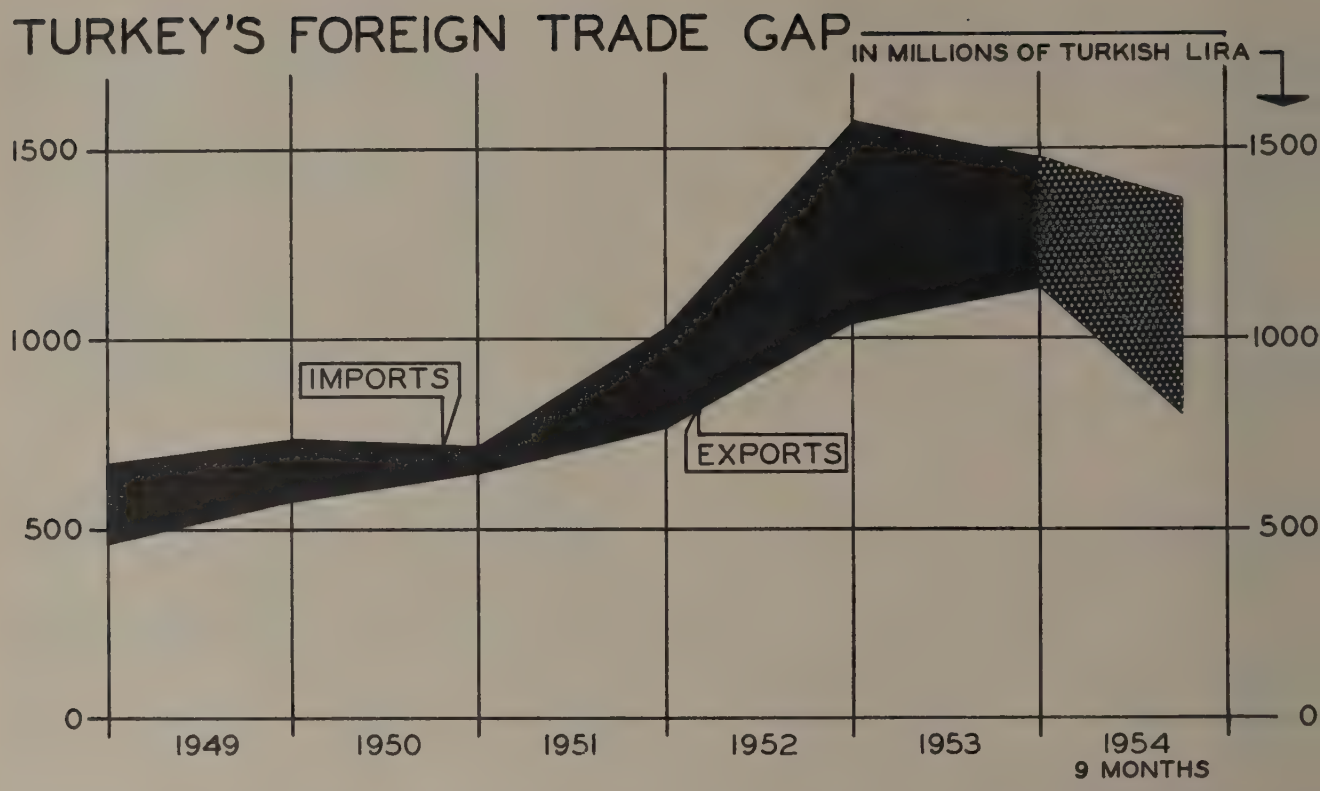
Old and New Problems

Turkey's serious economic problems, none the less, have yet to be solved and difficulties that have persisted for more than three years still are present. Prices continue to rise; the deficit with EPU mounts; the foreign exchange situation steadily deteriorates; a large debt is still owed to foreign suppliers, some of it two years past due; the deficit in the trade balance has again increased after the recent marked decline in exports.

These fundamental problems appear to be caused primarily by the continued pressure of inflation due first to rapid bank expansion and increasing credits to fast-growing industry, agriculture and commerce, and second, to wheat prices 60 per cent higher than world prices, paid by the Government to stimulate agricultural production. The other main influence has been the heavy drain resulting from large imports of capital equipment.

Because Turkey's development planning appears to have been based upon the assumption of continually expanding agricultural exports, especially of soft wheat, the poor crops this year constituted a serious blow. The general situation is now worsening, with more rigid trade restrictions in July and September, a free market exchange rate over double the official rate, larger commercial arrears abroad, and growing shortages of the imported raw materials needed by local industries. In addition, there are price control and profit control laws.

These adverse trends all reduce the availability of foreign exchange and will continue to make normal dollar import trade very difficult. Meanwhile, Turkish purchases from the dollar area will depend primarily on foreign aid and secondly, upon exporters who are willing to grant medium-term credits, such as the minimum credit term of two years now specified for agricultural machinery, for many years Canada's leading export to Turkey.



Turkey's development has recently called for a good deal of imported capital equipment. The Government has tried to boost exports and restrict imports to essentials to provide for these special purchases. In spite of these efforts—for example, increasingly rigid import restrictions, export premiums to stimulate sales of high-priced Turkish products, and inducements to local industries to produce goods formerly bought abroad—Turkey's January-September imports were almost as high as last year's. And exports have declined considerably, causing a nine-month trade deficit of T.L.393·6 million (about $140 million). This new deficit is $34 million greater than that accumulated during January-September 1953, in spite of a record 1·2 million metric tons of grain exports during the 1953-54 crop year. These grain sales will not be repeated this year.

Trade Deficit Continues

These imports of capital goods have figured largely in the continuing Turkish trade and payments deficits and this seems to indicate that the pace of recent development has perhaps been too fast, even allowing for the beneficial results of the various projects. The graph shows the trade gap and imports and exports in millions of Turkish lira. In the absence of complete balance of payments data, and because in Turkey invisible imports only slightly exceed invisible exports, the graph also suggests approximately the net balance of payments position on current account.

To bridge these trade gaps of the last 3½ years, Turkey has used first, her own reserves of net foreign exchange assets; second, U.S. economic aid, and finally, supplier credit from abroad—in approximately equal proportions. Now only U.S. aid and dwindling supplier credit remain. At first the supplier credit was involuntary, in the form of arrears of remittances on sight drafts; recently it has been granted on term drafts, backed usually by government credit insurance.

Foreign Exchange Arrears

Turkey's backlog of past-due remittances for many imports in the 1952-53 period are estimated by EPU and the interested countries at $150 million, owing chiefly to exporters of the United Kingdom, Western Germany, Belgium, the Netherlands, and France. These arrears are now reported to have increased to $200 million. To settle them, Turkey has available only US$32 million in net foreign exchange assets, plus this year's smaller crops. Hence it is impossible to forecast how and when this debt can be settled. Many suppliers in the countries concerned have long been reluctant to give up the place they have won in the Turkish market but time is forcing decisions upon them.

The German Government during the year agreed to fund over an extended period outstanding Turkish debts to German exporters, to be settled with more Turkish wheat shipments, and in return offered new

medium-term credits. But now the wheat crop is below expectations. The British Government's export insurance department has recently underwritten certain new medium long-term credits by British firms for the construction of grain-handling facilities and the development of electric power. No progress, however, has been reported on the British total arrears of about $50 million. Trade agreements being negotiated with other creditor countries may incorporate an arrears clause that will leave the door open for continued trade, probably with the accent on medium and long-term credits. To encourage this type of agreement, Turkey has been adding many items to the previously exclusive list of goods that may be imported with such credits. It now includes almost all raw materials, machinery, and most iron and steel products.

More Import Restrictions

The latest measures designed to reverse, or at least arrest, these trends were taken in July and September, when the Government passed decrees tightening foreign trade restrictions still more. These measures include:

- The increase of the importer's deposit that must accompany applications for import licences from 4 to 10 per cent of the value of the goods.

- The reduction from six to four months of the time limit within which goods must be imported after the licence is approved.

- Annual quotas for each individual importer, divided among his various imports. He may apply every second month for a maximum of one-sixth of his quota. (Only partial approval of such applications is possible.)

- The compulsory deposit with the Central Bank by the commercial banks of the Turkish liras paid for imports, within a week of receipt from the importer. Lira deposits held by commercial banks in respect of imports paid for before this decree must be paid into the Central Bank within five months in fortnightly instalments. This will inevitably result in a tightening of bank credit, desired by the Turkish authorities because it will deprive commercial banks of deposits estimated at $140 million and previously used as revolving funds for granting more credit.

Another discouragement to imports which will have more lasting influence is the new customs tariff law put into effect on June 6, which assesses duties on an *ad valorem* basis instead of by specific weight. The new rates are in most cases substantially higher, although much lower rates bound under the GATT and by other treaties remain unchanged unless they are re-negotiated.

The increasing deficit with the European Payments Union, which amounted to $309 million on October 31, has impeded foreign trade this year. As Turkey experienced difficulty in selling high-priced goods on Western European markets and the EPU deficit exceeded her approved quota, requiring further settlement in gold or dollars, she has turned increasingly to bilateral compensation or clearing agreements with certain trading partners, in spite of the high prices she has to pay for goods thus imported. As a result, a noticeable and significant change has taken place in her geographical pattern of foreign trade, with the emergence of Yugoslavia, Israel, Spain, Finland, Czechoslovakia, Poland and Hungary as important trading partners. Turkey now carries on one-quarter of her trade with them, compared with less than 12 per cent only two years ago. The dollar area was first affected by this trade swing; now northwestern and southern Europe are feeling this change also. Meanwhile, the principal countries trading with Turkey are Western Germany, the United States, the United Kingdom, Italy, France, Yugoslavia, and Israel—in that order.

Economy Still Agricultural

Over 70 per cent of the population work in agriculture. A fivefold increase in credits given to farmers by the Agricultural Bank within three years, free land to immigrants and poor peasants, improved irrigation, better rotation of crops, education, guaranteed high prices, agricultural machinery sold on very easy terms by state agencies—all these have helped to stimulate agricultural production. This year, however, drought hit most of Turkey's export crops, though cotton may reach the average level of 150 thousand tons. Tobacco is estimated at 100 thousand tons (122 thousand tons in 1953).

Wheat and barley will probably not exceed 10½ million tons (14·3 million tons in 1953), of which 5¾ million are wheat (8 million in 1953), hardly enough for domestic consumption plus seed. In fact, Turkey has applied to United States economic aid officials for at least half a million tons of grains and it has been announced that she will shortly receive 200 thousand tons of U.S. wheat, half of which will be paid for with chrome ore shipments and half through the U.S. Economic Aid program, plus 125 thousand tons of coarse grains.

Important Industrial Developments

Probably the most significant industrial developments of 1954 were two new laws, one to encourage foreign and local private investment and the other to stimulate oil exploration by foreign companies. Both laws indicate a new tendency towards encouraging participation of foreign firms in Turkey's development. The petroleum law for the first time permits the exploitation of potential resources by foreign companies upon reasonably attractive terms, judging by the interested

reactions of six of the world's leading oil companies. The Turkish authorities hope that these two laws will help to provide part of the badly needed capital for industrial development and at the same time encourage Turks to begin investing their own considerable savings in productive enterprise.

Some $23 million is expected to be brought into Turkey in cash and equipment as a result of recent approvals for foreign capital investment, including a plant for a U.S. farm machinery corporation. However, the State continues to be the major producer of minerals, textiles, sugar, paper, iron and steel. The state-owned plants are still expanding, with paper, cement and sugar production in state-financed plants doubling within the last three years. Many new projects still under way include over a dozen cement plants, two beet sugar plants, a chemical fertilizer and nitric acid plant and more cotton textile plants.

Great strides were made during the year in building new roads, improving the telecommunications system and increasing electric power in the country. Many small and medium-sized power stations were put into operation, and a start made on major schemes on the Gediz River, the Kizilirmak River and at Yozdag. The output of some ores has increased, but chrome and manganese have suffered considerably through a combination of high domestic prices and smaller world steel production.

The Outlook

Undoubtedly, there has been impressive achievement in Turkey in 1954 but it has been accompanied by some economic stress and strain. Once present difficulties are overcome, however, the country's adequate resources should produce a strong and stable economy. In the meantime, a period of consolidation appears to lie ahead before Turkey goes on to new accomplishments.

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trade commissioners on tour

FROM TIME TO TIME Canadian Trade Commissioners return to Canada to bring themselves up-to-date on conditions here and to renew their contacts with businessmen. Details of their itineraries appear under this heading, as a service to exporters and importers who wish to discuss trading problems with them.

J. C. Britton, Commercial Counsellor in Tokyo, Japan, began his Canadian tour in Vancouver on November 26th. His itinerary for the next three months is:

Toronto—Jan. 3-15
Ottawa—Jan. 17-28
Brantford—Jan. 31
Hamilton—Feb. 1-2
Niagara: Welland: St. Catharines—Feb. 3-4
Windsor—Feb. 7-8
London—Feb. 9-10
Sarnia—Feb. 11
Guelph: Kitchener—Feb. 14
Oshawa—Feb. 16
Kingston—Feb. 17
Brockville—Feb. 18
Montreal—Feb. 21-March 4
Quebec City—March 7
Arvida—March 8
St. John's (Nfld.)—March 10-11
Saint John: Halifax—March 14-15

Businessmen in the various centres may get in touch with these officers through the following organizations:

Board of Trade—Brantford, Guelph, Halifax, Montreal, Saint John.

Chamber of Commerce—Arvida, Brockville, Hamilton, Kingston, London, Niagara, Oshawa, Quebec, St. Catharines, Sarnia, Welland, Windsor.

Canadian Manufacturers Association—Toronto.

Department of Trade and Commerce—Ottawa, St. John's (Stott Bldg.).

trade and tariff regulations

Australia

REPRESENTATIONS RESPECTING THE TARIFF —The Australian Minister for Trade and Customs has requested the Tariff Board to inquire and report on the following subjects:

1. What assistance should be accorded the production of *tractors* in Australia and, if so found, the nature and extent of such assistance.

Tractors are classified under the following tariff items at the rates of duty shown:

Tariff Item 177 (B) (1) (a)
Tractors, excluding wheels and wheel centres, imported under by-law

British Preferential	Free
Most-favoured-nation	8·8 per cent
General	8·8 " "

Tariff Item 177 (B) (1) (b)
Tractors, excluding wheels and wheel centres, other

British Preferential	Free
Most-favoured-nation	10 per cent
General	10 " "

2. What rates of duty should be imposed on the following products (the present tariff items and rates of duty are shown below):

Coated Paper

Tariff Item 334 (F)
Coated printing paper, regardless of size or shape, not ruled or printed
Various rates of duty

Tariff Item 334 (K) (1)
Surface-coated paper and boxmakers' fancy papers

British Preferential	Free
Most-favoured-nation	12½ per cent
General	12½ " "

Tariff Item 334 (O) (1)
Cover paper and pressings
Various rates of duty

Sulphate of Magnesia (Epsom Salts)

Tariff Item 281 (B) (1) (a)
Sulphate of magnesia, in packages under 7 lb. net

British Preferential	¾d. per lb.
Most-favoured-nation	1d. per lb.
General	1¼d. per lb.

Tariff Item 281 (B) (1) (b)
Sulphate of magnesia, other

British Preferential	12½ per cent
Most-favoured-nation	30 " "
General	32½ " "

Canada, the United Kingdom and other British countries are subject to the British Preferential tariff in all the items shown above. The United States and most other countries are subject to the most-favoured-nation tariff.

Canadian firms who are exporting to Australia any of the products listed above may wish to have their views on these tariff questions placed before the Tariff Board. The most effective method of doing this would be for Canadian firms to request their Australian agents to act on their behalf. Firms wishing to take action should do so as soon as possible, because tariff inquiries normally begin in Australia soon after the announcements are made.

Bermuda

IMPORT PERMITS—The Director of Supplies, Bermuda, has advised importers that, on and after February 1, 1955, permits will be granted for import from Canada and the United States of the following commodities:

Fine granulated white sugar

Butter

Margarine

Compound shortening (in bulk).

Ecuador

CHANGE IN CONSULAR FEES—Effective November 12, the ad valorem portion of the consular fees for shipments to Ecuador were increased from 3½ per cent to 6 per cent for goods carried on ships of the Flota Grancolombiana, and from 7 per cent to 8½ per cent when carried on other vessels. With this change, the difference between the two rates has been reduced from 3½ to 2½ per cent.

According to the Ecuadorian Decree, the Central Bank of Ecuador will collect the 8½ per cent fee at the time of granting the import permit and will issue a certificate indicating that payment has been made. This certificate will be required to obtain consular

visa of the shipping documents. The Ecuadorian Customs is to be responsible for refunding the amount paid in excess when shipment is via the Flota Grancolombiana.

French Morocco

IMPORT CONTROLS—As a member of the franc zone and as a protectorate of France, Morocco controls imports from the dollar area in much the same general way as France does. All imports from dollar sources are in theory subject to licensing, and only essential commodities are admitted. There are, however, several features of the Moroccan controls which make them more flexible than those of France. These features are:

- Annual Program of Imports. Each year the authorities in Casablanca draw up a list of products, both capital and consumer goods, considered essential imports during the following 12 months. This program is published, with the value or quantity allotted to each product, about November 1 and covers the year ending the following June 30. Importers may apply for import licences, which are then granted within the limits of the credits available.

- Foreign Currency Retention Funds. Exporters are permitted to retain 25 per cent of their dollar currency earnings in an "EFAC" account, which in Morocco is transferable. (In France, the percentage is 15, non-transferable.) To obtain the use of these dollars, importers frequently have to pay a premium, which may exceed 10 per cent.

- Imports Financed by Investment Funds. Goods may be imported without a licence for allocation of foreign exchange from countries other than Germany, Japan or Hungary, if paid for with funds arising from investment in Morocco, or alternatively if the funds realized from imported goods are invested in Morocco. This technique offers certain difficulties because only the firms actually investing the funds may import the goods, with the exception of certain firms authorized by the foreign exchange control authorities. Using the facilities provided by the latter involves a premium of about 15 per cent.

It is obvious that Canadian exporters who count on doing any substantial volume of business in Morocco should be represented there by well-established agents if they are to take real advantage of any of the above means of financing trade—Paris, Dec. 2.

Greece

DUTIES ON COARSE GRAINS REDUCED TEMPORARILY—In order to meet local livestock feeding requirements during the winter, the Ministries of Commerce and Agriculture are empowered to approve seasonal import, not later than the end of March 1955, of a maximum of 5,000 tons of oats, 5,000 tons of barley and 10,000 tons of maize, at a greatly reduced duty rate of 5·04 drachmas Greek currency per 100 kg., including surtax, (equivalent to 7·4 cents per 100 pounds). The normal minimum duty rates applicable to Canadian oats and barley are about eight times higher, at the equivalent of 57·7 cents per 100 pounds. Normal maize duties are one-half those of oats and barley. Interested exporters should make certain that they have an active and reliable agent in Greece—Athens, Dec. 6.

MARINE EQUIPMENT EXEMPTED FROM GREEK TARIFFS—Machinery, equipment, fuel, lubricants and tools, required for the equipping, operating, and repair of small sea craft, whether Greek or foreign, have since last October been exempted from all customs duties and other import charges. Previously this exemption applied only to craft exceeding 100 tons gross. Craft which enjoy this exemption now include merchant vessels down to 10 tons net, fishing and salvage craft down to 5 tons gross, and sponge-fishing craft irrespective of capacity—Athens, Nov. 30.

Pakistan

RELAXATION OF DOLLAR IMPORT CONTROLS—Cabled advice has been received from Karachi that Pakistan has announced an important liberalization of its dollar import controls for the first half of 1955.

Among the products of interest to Canada which may be imported from the dollar area in 1955 are: asbestos sheet and manufactures; radios and parts; pressure lamps; alcoholic beverages; refrigerators and parts; sewing machines and parts; typewriters and parts; air conditioners and parts; newsprint and other papers; cheese, condensed and powdered milk; tires, tubes and other rubber manufactures; fountain pens; fabrics and yarns of artificial silk; woollen fabrics; cotton fabrics; fents; toilet articles and soap; automobiles, trucks and parts; lumber, wooden shooks, tea chests; gelatine capsules; non-ferrous metals; chemicals, drugs and antibiotics of all sorts; dry-cell batteries and needles. These products will be subject to quota when imported from the dollar area and will also be admissible from soft-currency countries.

It was also announced that the last date for the submission of applications for import licences is January 10, 1955, for applicants in Karachi and January 15, 1955, for applicants in other parts of Pakistan.

Pakistan has maintained strict controls on imports from the dollar area in recent years. For this reason, this relaxation of restrictions appears to provide significantly greater opportunities for Canadian manufacturers.

Further official information will be published as necessary when it becomes available. Interested Canadian firms can obtain additional details regarding this relaxation from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Republic of Ireland

RELAXATION ON DOLLAR GOODS—On October 7, 1954, the Department of Finance announced certain relaxations in the currency regulations so far as the purchase of certain goods from the dollar area is concerned.

The following items may now be purchased freely from dollar sources: cereals and cereal products, animal feedingstuffs; animal and vegetable oils and fats, oilseeds, oil nuts; seeds for sowing; raw cotton, yarns, fibres; leather, hides, skins, and timber.

Goods apart from the above—with the exception of precious metals and manufactures thereof, precious stones, ornaments, and jewellery which include a precious metal or a precious stone—may be purchased freely up to £250 and this amount may be repeated every three months. If the Irish importer wishes to exceed the figure of £250 at any one time, he must seek prior authority from the foreign exchange control authorities. Reasonable requests are being favourably considered. The necessary dollars are obtainable through the importer's normal banking channels. The merchandise must be shipped within nine months of the date of placing of the order.

There are, of course, other import restrictions to be complied with, including import licences and quota restrictions arising out of the Agricultural Produce (Cereals) Acts and similar legislation, customs duties, etc., but the general effect of the new regulations is to widen the scope for the sale of Canadian goods in the Republic—Dublin, Dec. 3.

United Kingdom

SMALL COMMERCIAL IMPORTS OF MOTOR CARS PERMITTED—The Board of Trade, on December 3, announced a new arrangement for the import of motor cars from North America.

Previously, importers were permitted to bring in a small number of cars for the Motor Show. In 1954, the import of about 150 cars was authorized in this way.

This arrangement is being replaced by a small quota for commercial imports of North American cars. For 1955, the quota will be 650 cars, expected to mean additional overseas expenditure of about £500 thousand.

United States

INTERPRETATION OF NEW LAW PERMITTING METAL ARTICLES TO BE EXPORTED FOR FURTHER PROCESSING AND RETURN TO THE UNITED STATES UPON PAYMENT OF DUTY ON ADDED VALUE—The United States Bureau of Customs has ruled that grindings resulting from sharpening the cutting edges of tools may be exported from the United States for further processing abroad by chemical extraction of tungsten which is to be further processed into tungsten carbide after return to the United States, duty being assessable on the cost or value of the processing performed on the grindings abroad.

Canadian Trade Office Opened in Denmark

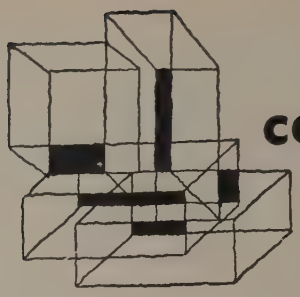
The Trade Commissioner Service of the Department of Trade and Commerce has recently opened a trade office in Denmark. Dr. C. F. Wilson, Commercial Counsellor, will be in charge of the office, which is located at 4 Trodhjems Plads, Copenhagen. In addition to Denmark, this office will be responsible for the promotion of Canadian trade with Greenland.

Dr. Wilson was Agricultural Counsellor at the Canadian Embassy in Rome from 1952 to October 1954, and from 1943 to 1952 was Director of the Wheat and Grain Division, Department of Trade and Commerce, Ottawa. During this period he represented Canada at numerous international conferences on agricultural matters. Dr. Wilson brings to his new post extensive experience in agricultural reporting and in the marketing of Canadian products and his experience is placed at the service of Canadian exporters interested in trading with this territory.

Tours of Territory

H. W. RICHARDSON, Commercial Secretary in Athens, will be visiting Turkey for ten days beginning January 13th. Businessmen who wish Mr. Richardson to undertake assignments for them in that country should cable him in care of the Canadian Embassy in Ankara.

H. E. LEMIEUX, Vice Consul and Assistant Trade Commissioner, Manila, expects to visit Iloilo, Cebu, Davao and Zamboanga, Philippine Islands, the latter part of February. He would like to hear as soon as possible from Canadian companies who wish him to undertake assignments for them in those cities.



commodity notes

Australia

URANIUM OXIDE—Pure uranium oxide, the first to be produced in Australia, has been refined at a pilot plant at Radium Hill, South Australia. The oxide represents the last stage in the treatment of crude uranium ore before smelting into uranium metal. Last September, the Australian Government announced that the United States Atomic Energy Commission was to ship a complete uranium-refining plant to Australia. Small quantities of uranium ore were sent last year to the United States to determine the type of refining plant necessary for treatment of the ore from Rum Jungle in the Northern Territory—Melbourne, Dec. 11.

PHOSPHATE ROCK—It is reported that 250 thousand tons, nearly a year's reserve, of Christmas Island rock phosphate, has been built up in Western Australia over the past three years, in case of emergency. Imports of rock phosphate during the current financial year were expected to total about 260 thousand tons, compared with only 180 thousand tons in 1947-48. The increase was the result of the great growth of agricultural production in Western Australia. Christmas Island was expected to produce about 300 thousand tons of rock phosphate this year —Melbourne, Dec. 5.

PAPERBOARD—Greater use of Tasmanian timber is expected to enable the mill at Launceston to increase from 60 to 80 per cent the amount of Tasmanian material used for paperboard manufacture. This mill has a semi-chemical wood cooking plant which reduces native and locally grown timbers to pulp. It will be put to greater use soon to supplement the thousands of tons of waste paper also being used to make paperboard.

The paperboard division began operations in 1953 and is now producing at the rate of 11,000 to 12,000 tons a year. The board is used mainly for the manufacture of containers in Tasmania, Victoria and New South Wales—Melbourne, Dec. 7.

Brazil

FORD PARTS—The Ford Motor Company is preparing to export the first shipment of Ford parts made in Brazil. The parts, which are consigned to Uruguay, were made exclusively by São Paulo manufacturers in accordance with Ford specifications and consist mostly of piston rings, pistons, mufflers, etc.—São Paulo, Dec. 12.

Chile

NEWSPRINT—A member of the Chilean Lower Chamber has presented to the Chilean Parliament a proposal that better treatment be given local newspaper proprietors who wish to import newsprint. The recommendation adds that additional supplies of newsprint will avoid further increases in the price of newspapers and periodicals—Santiago, Dec. 7.

FISHING VESSELS—A United States firm has been authorized to export to Chile, in the form of foreign capital investment in this territory, five deepsea fishing vessels valued at US$498 thousand. The American company, with the contribution of these vessels, automatically becomes an important shareholder in the Chilean fishing and canning company called Pesquera Iquique S.A. This capital investment will enjoy the benefits provided under Decree Law No. 437 of February 2, 1954, for re-export of capital and remittance of profits—Santiago, Dec. 4.

Federation of Rhodesia and Nyasaland

TOBACCO—A record weight of flue-cured tobacco was sold during the Rhodesian tobacco season which has just ended. Preliminary estimates from Salisbury give the total weight sold at 120,249,810 lb. valued at £19,212,643. The average price was 38·34 pence per lb., and yield per acre 697 lb.

Comparable figures for last season were 105,157,854 lb. sold at £17,394,695, giving an average price of 39·70 pence per lb. The fall in average price was due to the higher percentage of lower-grade tobacco delivered to the auction floors this season—Johannesburg, Dec. 8.

Israel

ALUMINUM—Israel will have its first all-purpose rolling mill for aluminum, brass and foil in 1956 if present plans materialize. The establishment of the new enterprise will require a combined investment of local and foreign capital totalling $1·4 million. Half of this will come from German reparation funds and

will be used for the purchase of equipment from Western Germany. Annual production is estimated at 7,000 tons of rolled aluminum, 1,000 tons of rolled brass and 250 tons of rolled foil. This should cover local requirements in full and provide some sheet and foil for export. Foreign exchange savings should amount to $3 million a year. Israel currently imports 800 tons of ingot a year and about 2,000 tons of semi-fabricated aluminum in sheets, extrusions, etc.—Athens, Dec. 15.

Portugal

CORK—Although Portugal is the largest producer of cork in the world, with 60 per cent of the total output, the demand for corkboard for insulation, which is manufactured with grades 4 and 5, is so great that this country has had to authorize the import of similar grades of cork. These grades will benefit by a reduction of 85 per cent in import duties, which means that duty will be paid at the rate of about Can.$5.00 per metric ton—Lisbon, Dec. 14.

South Africa

AUTOMOBILES—The Department of Commerce and Industries has announced an increase of 25 per cent in motor vehicle import authorizations for next year. An additional 2,800 American-type cars will be permitted entry, and assemblers will receive automatic authority for the import of commercial vehicles of three tons or more.

Last year Canadian manufacturers supplied one-fifth of the 11,150 American-type vehicles imported into South Africa. British and Continental suppliers exported 23,900 cars to the Union during the same period—Johannesburg, Dec. 7.

Spain

ANTIBIOTICS—A new streptomycin factory has been opened at Aranjuez, near Madrid. The new plant, the first of its kind in Spain, will produce enough streptomycin and dihydrostreptomycin to meet the country's requirements. The manufacturing methods of the firm Merck and Co. Inc., will be used —Madrid, Dec. 3.

Sweden

WOOD PULP—Shipments of wood pulp from Sweden during the period January-August 1954 reached a value of 934·5 million kronor, compared with 787·2 million for the same period last year. The quantities exported were (1953 figures in brackets): dissolving pulp, 225 thousand (192 thousand); other bleached sulphite, 160 thousand (186 thousand); unbleached sulphite, 349 thousand (263 thousand); bleached sulphate, 215 thousand (216 thousand); mechanical pulp, 216 thousand (179 thousand)—Stockholm, Dec. 18.

United Kingdom

RADIO AND TELEVISION SETS—Production figures now available indicate that this year the United Kingdom will probably turn out more than 1·5 million radio sets and about one million television receivers. Production lines are operating at capacity to meet the demand which has revived substantially this year. In the first three quarters of 1954, more radio sets were sold than in the whole of 1953.
Export demand, however, has not shown the same buoyancy as has the domestic market. Shipments of transmitters, sound receivers, radio-gramophones, etc., have fallen to £18·6 million in the first ten months of 1954 as against £21·7 million in the comparable period of 1953—London, Dec. 12.

FARM MACHINERY—It is expected that the total value of production of agricultural tractors and all types of implements in 1954 will reach about £110 million, compared with the previous record of £106 million in 1951 and only £94 million last year. This recovery is attributed generally to higher tractor production and only in a relatively small measure to greater output of implements. Total tractor production this year is likely to equal or better the 1951 total of 137 thousand wheeled agricultural tractors. Export demand in the industry in the first nine months of 1954 has been about 15 per cent higher than in the same period last year—London, Dec. 12.

STEEL—Despite record production at an annual rate of 19·6 million tons of steel in November, the United Kingdom backlog of demand remains high. Most producers have orders which will absorb their entire output well into the first quarter of 1955 and for sheet and certain types of joists, some mills are fully booked up to May.

Production for the full year is now estimated at 18·5 million tons, compared with 17·6 million tons in 1953 and estimated 19·25 million tons for 1955—London, Dec. 8.

West Germany

TELEVISION—German TV production increased from 401 sets in 1949 to 52,583 during 1953, and 1954 production and sales will break all records. January-June 1954 production has already reached 36,840. Exports in the first six months rose to 7,400 compared with 3,433 units for 1953. The industry's TV production capacity has expanded so rapidly that the 1954 production goal of 120 thousand to 140 thousand TV sets will almost certainly be reached. New TV models appearing during the past two months include a low-priced model with 15″ screen at DM698. Prices of other smaller TV models range from DM800 to DM1,000—Bonn, Dec. 10.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalents multiply by 1·03359.

foreign exchange rates

Country	Unit	Type of Exchange	Canadian dollar equiv. Dec. 24	Notes (See below)
Argentina	Peso	Preferential buying	·1290	
		Basic buying	·1935	
		Preferential selling	·1935	(1)
		Basic selling	·1290	
		Free	·06964	
Austria	Schilling		·03721	
Australia	Pound		2·1565	
Belgium Luxembourg & Belgian Dependencies	Franc		·01930	
Bolivia	Boliviano	Official	·00509	
British West Indies	Dollar		·5616	(3)
	Pound		2·6956	(4)
	Dollar	Brit. Honduras	·6739	
Brazil	Cruzeiro	Official selling	·05141	tax 8%
		Official buying, coffee	·03071	(2)
		Official buying, other	·03411	(5)
		Free	·01281	
Burma	Kyat		·2032	
Ceylon	Rupee		·2022	
Chile	Peso	Official	·00484	
Colombia	Peso	Basic	·3870	
Costa Rica	Colon	Official	·1723	(6)
		Controlled free	·1457	
Cuba	Peso		·9675	tax 2%
Czechoslovakia	Koruna		·1344	
Denmark	Krone		·1401	
Dominican Republic	Peso		·9675	
Ecuador	Sucre	Official	·06450	
		Free	·05580	
Egypt	Pound		2·7782	
Fiji	Pound		2·4285	
Finland	Markka		·00421	
France	Franc		·00277	(7)
French Africa	Franc		·00553	(8)
French Pacific	Franc		·01522	(9)
Germany	D Mark		·2304	
Greece	Drachma		·03225	
Guatemala	Quetzal		·9675	
Haiti	Gourde		·1935	
Honduras	Lempira		·4838	
Hong Kong	Dollar	Free	·1638	*Dec. 10
Iceland	Krona	Official	·05941	
		Special buying	·04574	
		Special selling	·03686	
India	Rupee		·2022	
Indonesia	Rupiah	Basic	·08487	(10)
Iran	Rial	Certificate	·01162	
Iraq	Dinar		2·7090	

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. Dec. 24	Notes (See below)
Ireland	Pound		2·6956	
Israel	Pound	Official	·9675	
		Premium	·5375	
Italy	Lira		·00155	
Japan	Yen		·00269	
Lebanon	Pound	Free	·2970	
Mexico	Peso		·07740	
Netherlands	Guilder		·2554	
Netherlands Antilles	Guilder		·5130	
New Zealand	Pound		2·6956	
Nicaragua	Cordoba	Effective buying	·1466	(11)
		Official selling	·1372	
		With Surcharge I	·1202	
		With Surcharge II	·09627	
Norway	Krone		·1355	
Pakistan	Rupee		·2924	
Panama	Balboa		·9675	
Paraguay	Guarani	Basic	·04607	(1)
		With Surcharge I	·03583	
		With Surcharge II	·02687	(12)
Peru	Sol	Certificate	·05092	
Philippines	Peso		·4838	tax 17% (2)
Portugal	Escudo		·03377	
El Salvador	Colon		·3870	
Singapore & Malaya	Straits dollar		·3145	
South Africa (Union of)	Pound		2·6956	
Spain & Dependencies	Peseta	Basic buying	·04418	
		Basic selling	·08623	
		Basic commercial selling	·05890	(1)
		Free	·02484	
Sweden	Krona		·1870	
Switzerland	Franc		·2258	
Syria	Pound	Free	·2704	*Nov. 10
Thailand	Baht	Official	·07740	(1)
		Free	·04489	*Oct. 29
Turkey	Lira		·3455	
United Kingdom	Pound		2·6956	
United States	Dollar		·9675	
Uruguay	Peso	Official	·6369	
		Basic buying	·5435	
		Special buying	·4117	(1)
		Basic selling	·5092	
		Special selling	·3949	
Venezuela	Bolivar		·2888	(14)
Yugoslavia	Dinar		·00322	

* Latest available quotation date.

notes

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only; certain essential imports exempt.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Brit. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Effective selling rate is official rate plus auction price of currency certificates. Effective buying rate for other than coffee is 80 per cent at official rate, 20 per cent at free rate.
6. Costa Rica: Official rate applies to all Costa Rican exports.
7. Metropolitan France, Algeria, Tunisia, Morocco, French Guiana, Guateloupe, Martinique.
8. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
9. New Caledonia, New Hebrides, Oceania.
10. Indonesia: Basic rate applies to all exports and essential imports. Rupiah value for other than essential imports is reduced by 33⅓ per cent, 100 per cent or 200 per cent depending on product.
11. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
12. Paraguay: Basic rate applies to most Paraguayan exports.
13. Approximately same rate for currencies of Portuguese Territories in Africa.
14. Venezuela: There are provisions for special rates for exports of petroleum, cocoa and coffee, not at present in effect for cocoa and coffee.

General notes

Australia

UNDERWATER OIL PIPELINE—Work has started on Australia's largest underwater pipeline which will run across Botany Bay. The pipeline will carry petroleum from the new Kurnell Refinery to a distributing centre at Banksmeadow—a distance of over three miles. The pipe-laying will commence in January and the total cost is estimated at £300 thousand. A special American winch, the most powerful ever used in Australia, is being imported to pull the pipeline across Botany Bay. The pipe will be of 500-foot lengths of six-inch diameter seamless steel —Sydney, Dec. 9.

ATOMIC RESEARCH—The Commonwealth Government is to build a large atomic energy plant in New South Wales for research. This is one phase of an atomic energy program which is expected to cost about £5½M over the next five years. The Minister for Supply, in announcing this, stated that the nuclear reactor would be used to develop the best method of producing industrial atomic power and would provide research facilities equal to any in the world—Sydney, Dec. 3.

Federation of Rhodesia and Nyasaland

DEVELOPMENT PLAN ANNOUNCED—The Federation of Rhodesia and Nyasaland will spend more than £24 million in 1955 on the initial phase of a three-year development plan, it was announced recently in the Federal Assembly. In its entirety the plan will cost £70,251,582, a major portion of which will be spent on the new Salisbury Airport and the Federation's railways. The remainder will be used for a hydro-electric project and improvements in agricultural and social services—Johannesburg, Dec. 14.

United Kingdom

INDUSTRIAL PRODUCTION—The index of British industrial production reached 134 in October (1948= 100), surpassing the previous record of 133 achieved in November 1953. Over the first ten months of 1954 industrial output increased 5·9 per cent over the same period of 1953. Since many industries are now operating at peak capacity, further increases in output must come largely from increased capacity and higher productivity. The 1954 production rise has been sparked by substantial increases in consumer spending, particularly on durable goods—London, Dec. 7.

United States

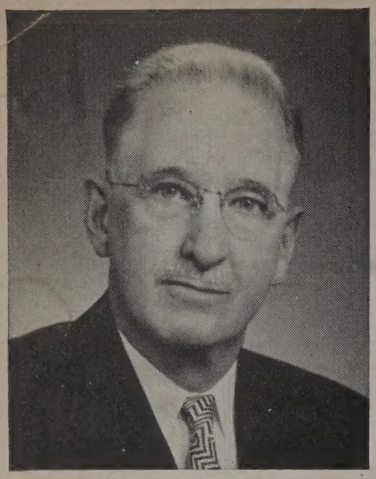
RECORD CAR PRODUCTION—The highest quarterly production in the history of the automobile industry is expected during the first quarter of 1955. Detroit car manufacturers are planning new production peaks for January, February and March, with an estimated total production of 1,928,500 vehicles scheduled.

This will be 40 per cent above the 1,382,000 completions expected in the last quarter of 1954, and 35 per cent better than the industry's output during the first three months of 1954. The record quarter was the third quarter of 1950, when 1,898,783 cars rolled off the assembly lines—Detroit, Dec. 21.

1955 FOREIGN TRADE—At the conclusion of its 41st Annual Convention, on November 17, the National Foreign Trade Council came up with a forecast of bigger foreign markets in 1955 for many U.S. businesses. Official forecasts call for a 2 per cent increase in exports in 1955 over 1954. Forecasts of increased foreign sales come from manufacturers of such diverse products as automobiles, industrial machinery, construction equipment, electrical appliances, plastics, drugs, chemicals, meat products and cigarettes. The general opinion was that economic recovery abroad is expanding the market for U.S. goods and subsidies to exporters and loans to foreign buyers will play their part in stimulating the expansion. Western European markets are expected to provide the best opportunities, with sales to Latin American countries showing modest improvement and shipments to the Far East likely to decline—New York, Dec. 13.

CONSUMER SPENDING—Reports for the first ten months of 1954 indicate that spending in the State of Michigan by consumers and business fell by some 5 per cent below that of the same period of 1953. The decline appears to centre chiefly in Detroit, which accounts for some 80 per cent of the money spent in the state. Outside of the city, spending appears to have declined less than 2 per cent.

On the other hand, another source advises that this city has given the best sales performance of the nation's ten largest cities, as well as showing what is termed to be "the best distribution of income". Detroit, fifth in population in the United States, now ranks fourth in total income and total retail sales, and "effective buying income" is given as $3·6 billion for 1954—Detroit, Dec. 13.



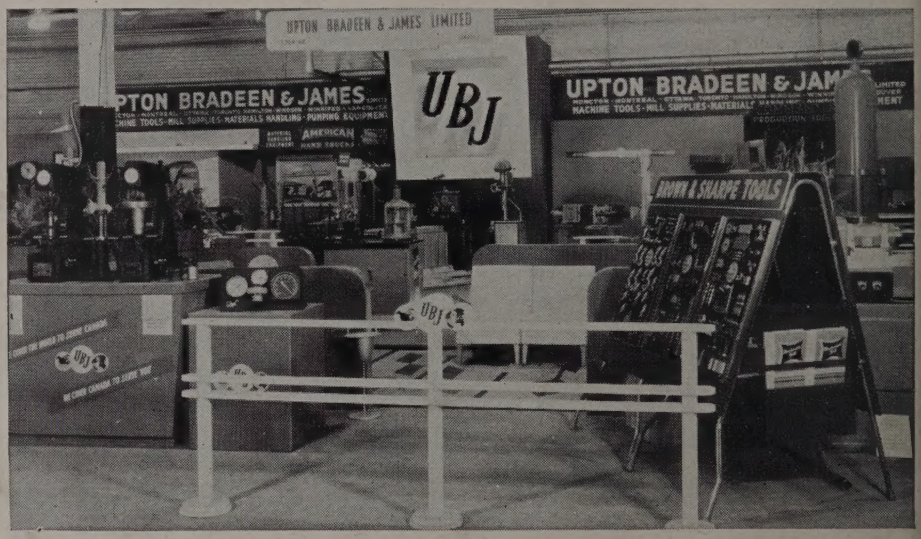
Above, F. Leslie Joyce, Vice-President in Charge of Sales. In 1954, Upton Bradeen & James Limited took a total of 40 booths plus a substantial outside area to display and demonstrate tools.

THE FACTS SPEAK

"We are participating (again), because of . . . profitable results in past years"

This endorsement of the Canadian International Trade Fair is from Upton Bradeen & James Limited, machinery distributors of Toronto. A four-times exhibitor, this firm describes the C.I.T.F. as ". . . a wonderful annual affair which brings buyers and sellers from Britain, United States, Europe and other countries to promote further business . . ."

From one of the Fair's largest exhibitors this endorsement carries much weight—and their experience is typical of many.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At right is one section of the extensive Upton Bradeen & James exhibit showing machine tools and other equipment.

In 1954 there were 1,431 exhibits both of capital and consumer goods. Business visitors came from 50 countries to look, to compare and to buy. It has been repeatedly proven that exhibits at the C.I.T.F. *get results!* Year after year it has helped a growing number of Canadian firms to develop new business. You, too, should be able to make profitable contacts at the 1955 Canadian International Trade Fair with these potential buyers and distributors from so many parts of the world.

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Over 25,000 business visitors registered at the 1954 Fair. To see at a glance who and how many were interested in your own field, write for "Business Visitor Breakdown". Address: The Administrator, Canadian International Trade Fair, Exhibition Park, Toronto 2-B, Ont.

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